

OVERSEAS MOVING
BY MICHAEL GERSON
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WORLD NEWS

Ravenscraig closure row spreads

The future surrounding Scottish Secretary Malcolm Rifkind and the threatened closure of the Ravenscraig steel mill spread further as widespread differences emerged within the Conservative Party.

Ministers rebuffed accusations that, by deploing British Steel's announcement, Mr Rifkind had isolated himself from his Cabinet colleagues.

Mr Rifkind said he was not a "mad cow" disease. Page 2

PM to meet de Klerk
Premier Margaret Thatcher will encourage South African President F. W. de Klerk to press on with the abolition of apartheid when they meet in Britain today. Page 4

UN ambassador
Sir David Hannay, 54, British ambassador to the UN for the past five years, has been appointed ambassador to the United Nations. Page 4

Ivory demand falls
Worldwide demand for ivory has fallen sharply and as a result elephant poaching is expected to decline.

Talks on US bases
US and Philippines are to continue talks on the future of US military bases after Filipino delegates accepted American promises to work for increased aid to their country.

EC hope for Austria
Austrian Foreign Minister Alois Mock said he hopes his country can join the European Community as early as 1994.

Manila aircraft crash
A twin-engine commuter aircraft crashed into a house near Manila airport killing 21 people aboard and a family of four on the ground.

French speed record
A French train broke its own world speed record for the third time in two weeks, at 515.3 kph (320.2 mph). Page 3

S Korean clash
Thousands of South Korean protesters clashed with riot police following a rally to mark the suppression by the army of a 1980 popular uprising in which 200 died. Page 2

Ivory Coast gives in
Ivory Coast has met all demands of military recruits who have blocked roads, occupied a radio station and closed the country's main airport to press their case for higher pay and longer military service.

Fight call to Liberians
Liberian President Samuel Doe appealed to all Liberians, even old men, to use any weapons they could find to fight rebels poised to topple him.

Reason for Berlin
Former US President Ronald Reagan, who challenged Soviet leader Mikhail Gorbachev to tear down the Berlin Wall, will travel to Berlin next month to see its ruins.

Greek history complaint
Greek Deputy Prime Minister Tassios Triantafyllidis complained to EC arts ministers that a new history of Europe sponsored by the Commission made insufficient reference to ancient Greece.

Garden Festival opens
The Princess Royal opened the Gateshead Garden Festival, built on 200 acres of derelict industrial land.

BUSINESS SUMMARY

Atlantic staff attack B&C in letter

Staff at Atlantic Computers attacked British & Commonwealth Holdings, the collapsed computer company's stricken parent, in a letter drafted by disgruntled members of Atlantic's corporate management complaining about "apparent bias" in recent media reports.

TAIWAN stock market index fell 510 to 7,416.95, its lowest level since April last year. Page 2

PAN AM, US airline, said it was considering selling its East Coast shuttle service. The sale could raise \$360m (£207m).

SIEMENS of West Germany and Italian-French SGS-Thomson group, two of Europe's largest semiconductor makers, are discussing proposals for collaboration. Page 23

SOVIET UNION: Export credit agencies from over 30 countries are considering a formal approach to the Soviet authorities about ways of dealing with that country's growing import payment delays. Page 23

JAPAN: money supply grew last month by 18.2 per cent, highest year-on-year rate of increase since 1976. Page 2

THAILAND will liberalise foreign exchange controls to help Bangkok develop as a regional financial centre. Page 2

WORLD BANK and donor nations increased aid to Papua New Guinea by \$20m to \$710m (£42.6m). Page 2

NHS: More than half of National Health Service administration staff will be balloted over strike action in protest at a 7.7 per cent pay offer. Page 5

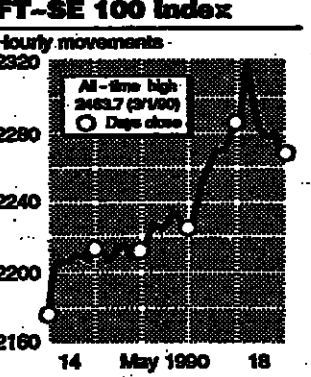
NIKON, Japanese camera manufacturer, part of Mitsubishi group, achieved pre-tax profits for the year to March of ¥20.5bn (£182.7m), an 8.7 per cent increase. Page 19

INVESTOR: Sven-Olof Johansson, property developer, has bought 50,000 shares in Walker & Suter family investment company, his second blow to the family after forcing them to buy his 22 per cent stake in Stab-Scania. Page 10

BOND BREWING Holdings, part of Alan Bond's empire, appeared to be moving to a settlement with a banking syndicate led by National Australia Bank (NAB) to which it owes A\$80m (£29.7m). Page 10

UK EQUITIES: A week of soaring prices on London's financial markets left some market makers with large losses.

FT-SE 100 index



The FT-SE 100 share index closed down 15.3 on the day at 2,250.1, leaving it 93.2 points, or 4.3 per cent, above last week's close. Page 23; Lex Page 23

ELIDERS UK: John Elliott is to retire as chief executive but will remain chairman of both Eliders and Bardin Holdings, the private company which owns 55.8 per cent of Eliders. Page 10

COMPAGNIE DU MIDI, holding company controlled by France's Axa insurance group, to sell Entrepôts et Magasins Généraux de Paris, which owns a portfolio of warehousing in Paris and Marseille, for FF1.2bn (£244m), one of its property holdings for FF1.2bn to Magnant, a shell holding company. Page 10

Superpowers progress in talks on arms reduction

By Our Foreign Staff

SIGNIFICANT progress appears to have been made towards agreeing an arms control treaty for signature at the forthcoming superpower summit in talks between Mr James Baker, US Secretary of State, and Soviet leaders in Moscow yesterday.

Mr Edward Shevardnadze, the Soviet Foreign Minister, and Mr Baker reported progress in five hours of talks between themselves and Mr Mikhail Gorbachev, the Soviet leader.

The discussions, which were continuing last night, were designed to pave the way for the signing of the strategic arms reduction (START) treaty at the US-Soviet summit at the end of the month.

Speaking after the first round of talks, Mr Shevardnadze said he always believed

the US and Soviet Union could meet the target they set at last year's Malta summit by agreeing the main points of a reduction treaty.

"We are moving in that direction," he said at an award ceremony for a US citizen who helped save victims of the 1988 Armenian earthquake. "We did a lot. We accomplished a lot today," he said. "Major progress has been made, so we didn't work in vain."

The Soviet Foreign Minister also said big advances had been made on a chemical weapons accord under which the two superpowers would commit themselves to a timetable for destroying 90 per cent of their poison gas stocks.

The statements by Mr Baker and Mr Shevardnadze were by far the most optimistic to emerge in recent weeks sug-

gesting that the superpowers stood a good chance of announcing an outline agreement when Mr Gorbachev meets President George Bush in Washington on May 30.

US officials had earlier said the talks were not going well and Mr Baker might have to stay in Moscow beyond this morning's scheduled departure.

Mr Baker's decision to go ahead with a planned news conference today was also seen as indicative that agreement was in sight.

START was originally designed to cut superpower arsenals of strategic missiles by 50 per cent. However, exceptions have been written into the treaty that will make the real cuts more in the range of 30 per cent to 35 per cent. Negotiations recently became

stalled on how to deal with air and sea-launched cruise missiles.

In an attempt to overcome these differences, Mr Baker first met alone President Gorbachev and Mr Shevardnadze for 2 1/2 hours yesterday. Then the three joined arms control experts for a further hour before convening for a second session alone.

The other important issue covered at the talks was the Baltic republics' push for independence supported by Washington but resisted by Moscow.

Mr Baker went straight from his talks with President Gorbachev to meet Mrs Kazimiera Prunskiene, Lithuanian Prime Minister.

Lithuania under pressure to freeze independence, Page 3; Soviet payment delays, Page 23

Spending freeze bewilders forces

By David White, Defence Correspondent

A TEMPORARY spending freeze by the Ministry of Defence is causing growing bewilderment in the armed forces, just as work on structural changes is coming to a head.

Senior officers said the moratorium - affecting new purchases, recruitment of civilian staff and overtime - was so badly handled that the ministry's Office of Management and Budget (OMB), which looks after financial planning and allocation of resources, was being nicknamed "the Office of Muddle and Bungle."

As an example of the first consequences of the squeeze, a service swimming pool at Portsmouth had been closed for use by families outside working hours. The moratorium meant nobody could be taken on to supervise the pool in the evening and at weekends to replace an attendant, who had broken his leg.

More seriously, officers voiced concern about a worsening shortage of clerical employees. "Without an effective staffing system, you are pretty hard pushed to operate," one said.

"It simply means they have lost control of civil expenditure. If this were a city or a major company, the financial directors would have been sacked," said another.

The measures are among the most unpopular since Mr Archie Hamilton, Minister of State for the Armed Forces, banned service Christmas parties in West Germany two years ago in the wake of a US military air crash in which six German civilians were killed.

The freeze ordered by Mr Tom King, the Defence Secretary, who was returning yesterday from the Soviet Union, is to last five or six weeks while the ministry decides how to trim £350m of spending from its plans for this financial year.

The cut is to compensate for the effects of higher-than-expected inflation.

Industry representatives were first told a week ago that most new procurement contracts were being put on hold. This includes an embargo on works contracts.

The trimming exercise coincides with secret internal studies on future options for UK defence commitments. An initial summary of these options is now expected to be ready in June or July.

Continued on Page 22
NHS funding, Page 4

Treaty brings union of Germanys closer

By Our Foreign Staff

EAST AND WEST Germany yesterday moved closer to unity when they signed a treaty which will introduce the D-Mark into the East German economy from the start of July, writes David Marsh in Bonn.

As the treaty was initiated in Bonn, Mr Helmut Kohl, the West German Chancellor, and Mr Lothar de Maizière, the East German Prime Minister, promised that a free united Germany would spur European integration.

It had taken just over a month to negotiate the accord which will bring West Germany's monetary, fiscal and legal system into the East German state. That move, said Mr de Maizière, would make unity "irreversible." The accord has to be

ratified by both countries' parliaments in the next six weeks.

The two heads of government drank sparkling wine on the terrace of the Bonn's Federal Schlossburg - a tranquil scene in sharp contrast to East German worries about the arrival of the D-Mark.

Mr Theo Waigel, the West German Finance Minister, signed the treaty at the former East German Chancellor Konrad Adenauer. It was in the Schanzeburg palace, official office of the Chancellor until 1964, that Adenauer made his famous declaration on German unity during the 1950s.

In 1973 at the palace the East Berlin and Bonn Governments signed their Basic Relations Treaty, establishing "good

neighbourly relations" between them - a treaty which appeared to seal division indefinitely.

Mr Kohl said yesterday's monetary treaty was the "first step" to end "45 painful years of division of the fatherland." It was "a dream come true", although the way forward would be hard.

Mr de Maizière referred to the apprehension in East Germany by saying he was "astonished" that there was more concern than hope about the entry of the D-Mark. The East Germans would be better off, not worse off, he said.

He drew applause when he said Germans should stop referring to each other as "easterners" and "westerners," and think of themselves as one people.

Private company plans airport for Sheffield alongside M1

By Paul Abrahams

A £100m airport and business park is to be built at Sheffield by Budge Mining, part of the A.P. Budge Construction Group, a private company based in Redford, Nottinghamshire.

Budge Mining plans to open the airport, which will have a short take-off and landing runway, in the summer of 1993. It will be built on a former industrial site and provide 3,500 jobs.

The development will be funded privately. Much of the capital is being provided by income from an open-cast coal mine on the site which will be exploited until 1992 when construction work on the development is due to start.

Budge Mining says cash-flow will also be supplied by the 1m sq ft business park to be built on the site next to the M1 motorway.

Sheffield airport will be operated by Airports UK, a subsidiary of BAA, formerly the British Airports Authority, which already runs airports at Southampton, Southend, Exeter and Biggin Hill. It believes the

scheme will be able to take advantage of the expected rapid growth of European air travel.

It says the site, which is about three miles from Sheffield, will be able to draw passengers from airports at Manchester, Leeds/Bradford and East Midlands. The airport should handle as a catchment area of between 1m and 2m customers.

The airport will have a 1,200 metre runway and be able to handle aircraft capable of serving European business destinations such as Paris, Brussels, Düsseldorf and Amsterdam.

No airlines have yet been contacted by Airports UK but it says studies suggest that the airport should handle 50,000 passengers in its first year, building up to 300,000 within five years. It expects the airport to make an operating profit by 1993.

The developers expect little opposition to the scheme which has already received outline planning permission. They point out that the site

was previously wasteland and already noisy. The runway will run parallel to the M1 motorway.

The project will also provide much needed jobs in an area which has high levels of unemployment.

It has received the support of both the Sheffield Development Corporation and the council at neighbouring Rotherham.

Mr Hugh Sykes, Sheffield Development Corporation chairman, said: "This is what the region's business community has been waiting for - an ultra-modern airport on its doorstep."

He added: "Until we launched this initiative, Sheffield was the largest city in Europe without its own airport. Now it will be able to assume its rightful place as a centre of manufacturing and commercial excellence."

Mr Colin Sewell-Baxter, Airports UK managing director, said the airport would be primarily for business people, using aircraft like British Aerospace 146s and Fokker 50s.

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MARKETS

STERLING New York lunchtime: \$1.5910 London: \$1.5905 (1.6005) DM2.755 (2.755) FF12.375 (2.375) ¥236.5 (237.25) £ index 88.2 (88.1)	DOLLAR New York lunchtime: DM 1.9490 FF15.5555 SF1.4045 ¥162.90 London: DM 1.9490 (1.9475) FF15.5555 (5.5500) SF1.4045 (same) ¥152.90 (152.25) £ index 87.1 (87.0) Tokyo close: ¥152.9 US LUMCHTIME FED FUNDS 8.25 3-mo Treasury Bill: yield: 7.981% Long Bond: 100% yield: 8.094%	STOCK INDICES FT-SE 100: 2,250.1 (-15.3) FT Ordinary: 1,703.3 (-2.4) FT-A All-Share: 1,117.16 (-0.5%) New York lunchtime: DJ Ind. Av. 2,815.97 (-15.24) S&P Comp 333.00 (-1.47) Tokyo Nikkei 32,013.72 (-47.85) LONDON MONEY 3-month interbank: closing 15 1/4 (15 1/4) Libor long 6m Rate: Jun 83 1/4 (83 1/4)
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OVERSEAS NEWS

Money supply boosts Japanese inflation fears

By Stefan Wagstyl in Tokyo

JAPAN'S money supply grew last month by 13.2 per cent, the highest year-on-year rate of increase since 1976, renewing concern about inflation.

Investors in the Tokyo stock market were somewhat unsettled by the news announced yesterday and the Nikkei index closed down 47.88 points at 32,013.72, shedding a 140-point gain secured earlier in the day.

Fears that expansion of the money supply might be fueling land price rises were reinforced by a Japan Real Estate Institute report showing that property prices in six cities, including Tokyo and Osaka, rose by 17.1 per cent in the six months to end-March, the highest rate since 1978.

Tokyo trying to say 'sorry' to Seoul

By Robert Thomson in Tokyo

THE JAPANESE Government was yesterday seeking a way of saving face while appeasing South Korean demands for a formal apology for Japan's colonisation of the Korean peninsula early this century.

Mr Roh Tae Woo, the South Korean President, is due in Tokyo next week, and expects frank apologies from Mr Toshiki Kaifu, the Japanese Prime Minister, and Emperor Akihito, but Japanese politicians argue that the emperor is forbidden from becoming involved in political disputes.

Members of the ruling Liberal Democratic Party suggested yesterday that the problem could be solved by an informal, "off-the-record" apology by the emperor or by asking the speaker of the House of Representatives to make an apology along with Mr Kaifu.

But an informal comment by the emperor is unlikely to satisfy the South Korean public, which wants an unambiguous

same month last year, lower than expected.

Domestic prices, which are not affected by the decline in the yen, rose by 0.7 per cent compared with April last year.

Announcing the money supply figures, the Bank of Japan said the total was distorted by special factors, including the launch of grants for local authorities to cover their sales tax payments, and an inflow of funds into banks from deposits not covered by the money supply figures — including those held at the post office.

Nevertheless, analysts said the final figure was higher than the central bank had expected. Over the last few days, the yen has been anxious to dispel hopes in the financial markets that Japanese interest rates might come down soon. Yesterday's figure will strengthen its case.

apology for the colonisation of the Korean peninsula from 1910 to 1945 and the brutal treatment of Korean citizens and culture.

The Japanese cabinet is overseeing the drafting of the formal speech to be made by the emperor, but the Foreign Ministry said yesterday that the emperor "is free to say what he wants in his private capacity".

"We fully understand and appreciate the feelings of the Korean people that a remark should be made, but we hope that they will appreciate the constitutional situation as well. This legal problem has nothing to do with our feelings towards Koreans," a spokesman told a press conference.

The visit is seen by both countries as a turning point in relations, but the difficulties faced in pursuing an appropriate apology have highlighted the deep scars that remain from Japan's past aggression.

Sphinx presents new riddle for conservationists

After a 30kg chunk fell off its right shoulder, the fight is on to save the 4,600-year-old monument, reports Tony Walker

THE poor Sphinx. In nearly 5,000 years standing guard over the approaches to the Great Pyramid the imposing sculpted model of a half-man half-lion has suffered all manner of indignities.

The mythical creature has had holes bored in its buttocks, it has been buried in shifting desert sand, defaced by vandals, used for target practice by Napoleon's troops; and more recently the ravages of time and encroaching settlement have eaten away at its weathered flanks and face.

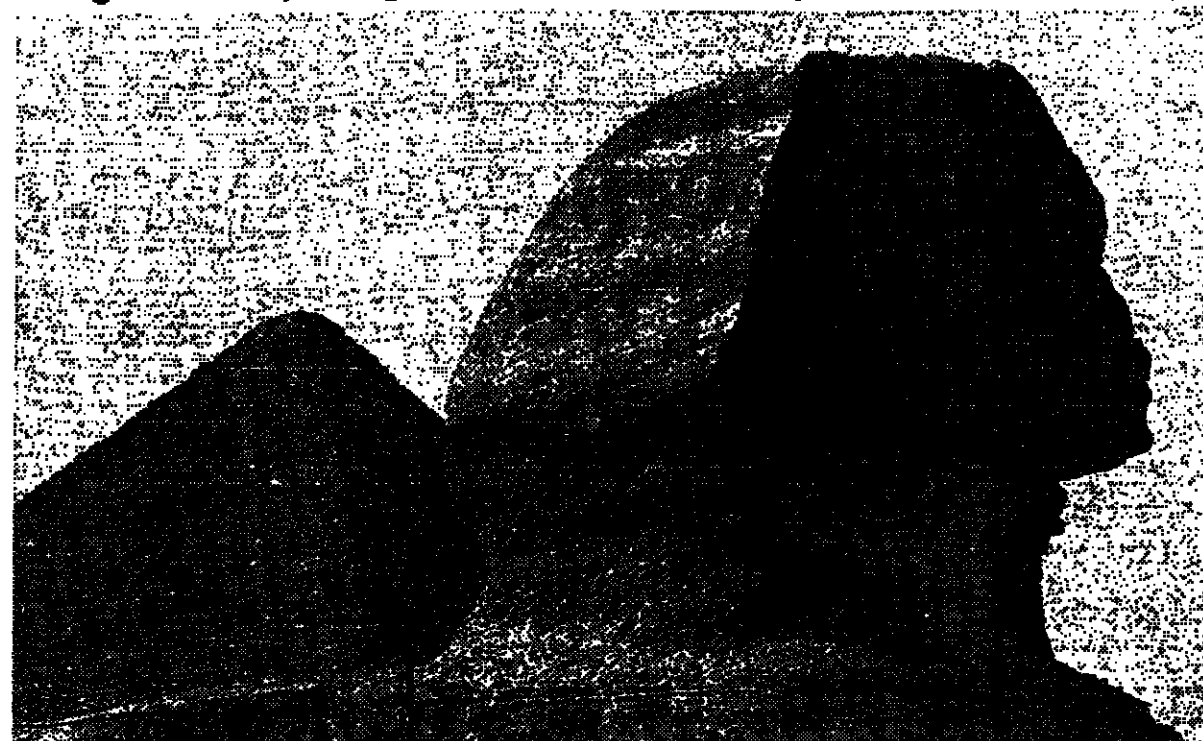
Throughout the ages the strange Pharaonic figure has posed a silent mocking riddle to legions of Egyptologists who have come to study the mysteries of its creation. But these days a different breed of expert has descended on the desert home of the Sphinx on the Giza plateau, 15 kilometres west of Cairo.

Their concern is not so much with the past as with the future. Their expertise lies not in the arcane world of Egyptology, but in the modern scientific study of aerodynamics, chemical change in rocks, the effects of pollution and the dangers posed by vibrations caused by overflying aircraft.

These experts, who will attend to the Sphinx with as much care as a team of heart surgeons might an ailing member of the Kremlin leadership, have come to save from further rapid deterioration what Sayed Tawfik, chairman of the Egyptian Antiquities Organisation, described this week as "the greatest symbol of our heritage".

Their first step was to attach a computerised two-metre-long weather station to the body of the Sphinx to monitor even the most minute effects of climatic change on the 4,600-year-old monument.

The weather station will transmit data about temperature, wind direction and speed, condensation, the cor-



The Egyptian antiquity has deteriorated more in the last 50 years than the previous 50 centuries say experts

rosive effects of salt on the body of the beast and the dangers posed by other pollutants such as carbon monoxide from car exhausts. All this data will go directly into a computer located nearby to build up a complete picture over a year of all the forces at work on the crumbling monument.

Funded by the Getty Conservation Institute in co-operation with the Egyptian Antiquities Organisation, the study will try to solve the modern riddle of the Sphinx: how to preserve it for posterity. Time for this task is short, it seems, when measured

against the lifespan of this ageless symbol of an ancient civilisation.

As Dr Tawfik said when outlining the need for the conservation effort: "The Sphinx has deteriorated more in the last 50 years than in all the previous centuries of its existence combined."

Experts blame a range of factors for the accelerating deterioration, including the effects of atmospheric and underground pollutants from overpopulated Cairo which has sprawled out towards the Giza plateau, threatening to engulf the Sphinx and the Py-

mids.

But, perhaps surprisingly, no detailed study and master-plan for the preservation of the monument has been produced in spite of concern over many centuries about its survival. All complacency was dispelled, however, in early 1988 when a 30kg chunk fell from the Sphinx's right shoulder.

The chairman of the Egyptian Antiquities Organisation was sacked, experts were summoned to advise and previous conservation efforts were ridiculed, including an ill-conceived

job in the early 1980s which involved coating the Sphinx with large stones and mortar. The cement, in fact, ate into the permeable limestone body, making things worse.

One of the main problems facing conservationists is the poor quality of the 50 million-year-old rock from which the Sphinx is carved. It comprises three sedimentary layers of limestone, and while the head is relatively stable, the body is soft, and crumbling.

A persistent concern has been that the enlarged and distinctive head of the 20-metre high creature will simply fall away from the body, but a UNESCO team insists that preliminary tests show that the head and shoulders are secure.

Getty Foundation experts are confident that even if they cannot solve the riddle of preserving the Sphinx for ever more, they can at least slow its deterioration. "While the Sphinx is perhaps the most famed, and by far the most thoroughly documented and sculpted monument of the ancient world, there has never been a co-ordinated effort to methodically quantify and examine the variety of factors that affect it," said Mr Frank Freusser, co-director of the Getty conservation team.

"While we cannot completely stop the natural processes that contribute to its deterioration, we can slow them down considerably. The greatest challenge facing the team is to identify protective measures that are sensitive to the aesthetic and historic integrity of the Sphinx."

UNESCO experts yesterday suggested building a wall up to six metres high around the Sphinx and the pyramids to control tourists and stop encroachment by nearby villages, Reuters reports from Cairo.

They also proposed a virtual ban on motor traffic, and removal of asphalt roads and modern buildings on the site.

Trail of death and misery in Colombian campaign

COLOMBIA'S presidential campaign, which closes tomorrow, has left three candidates dead and a trail of misery and destruction.

Mr Cesar Gaviria, Liberal Party candidate and front-runner in the opinion polls for the May 27 elections, has barely set foot in the open during the campaign. Television has replaced mass rallies and hand claps in a country where it has been traditionally a matter of pride for candidates to reel off the lists of towns and far-flung villages they had visited.

By Sarita Kendall in Bogotá

The assassination of his predecessor, Mr Luis Carlos Galán, on a campaign platform last year, was the first killing. In the last two months the left-wing Patriotic Union candidate, Mr Bernardo Jaramillo and the leader of the M-19 guerrilla-turned-political group, Mr Carlos Pizarro, have been shot dead.

While the cocaine traffickers denied any involvement in the last two murders, they have never disclaimed the killing of Mr Galán — which triggered the "cocaine war". The subsequent car bombs, the shooting of more than 80 policemen in Medellín and the dozens of kidnappings and murders have shredded the electoral process.

The drug issue — especially the question of who favours dialogue with the traffickers and who favours continuing repression — has been used to characterise the candidates. Mr Gaviria, on the right of his party and closely identified with President Virgilio Barco's

policies, still talks of extradition and winning the war — though this has increasingly come to mean getting Pablo Escobar, the most notorious drug baron.

Mr Social Conservative party candidate, Mr Rodrigo Lora, and Mr Alvaro Gómez, leading a radical national salvation movement, stress the need for talks rather than police action and the need to tackle cocaine production and consumption rather than capture kingpins.

Mr Antonio Navarro Wolf, replacing Carlos Pizarro for M-19 and other left groups, is equally critical of current policy.

In the last days of the campaign, candidates have been juggling television time with supporters' meetings behind closed doors. Mr Gaviria, heavily threatened, cancelled a trip to the Caribbean coast but is to appear in the Bogotá stadium tomorrow.

His overwhelming victory in the first round of the elections and the voting power wielded by the governing Liberal party put him well ahead.

Analysts said some of the so-called "big hands" who manipulate stocks were hanging back during the present political instability, while others were in financial trouble.

Small investors trading on the illegal margin loans offered by many securities houses are left trying to cut their losses. With every small rebound, profit-taking swamps the market, driving it down even harder.

Mr Vincent Wen, a researcher at W.I. Carr in Taipei, said the index might drop to 6,000 and would not start to recover until the new premier and cabinet were sworn in in 10 days.

The opposition is planning two big protests at the nomination of a four-star general as premier. In addition, there is nervousness about rising tensions across the Taiwan Straits caused by the presence here of the radio ship, Goddess of Democracy.

Mr Wen attributed the latest fall to investor psychology, rather than to any particular event. "More and more people are becoming aware of the weakness of the market,"

THE RADIO ship Goddess of Democracy is to leave Taiwan for Japan, now that the Taiwanese Government has refused to issue an export permit for its transmitter.

The vessel sailed from France with the intention of collecting and installing the transmitter on arrival at Taiwan's northern port of Keelung. The Taiwanese authorities allowed the vessel to dock and take on food, water and fuel, but would not allow the transmitter on board.

In Taiwan yesterday, the organisers accused Washington of putting pressure on Taipei not to assist the project. Taiwan itself has been making historic moves to improve relations with China in the past few weeks.

By Peter Wickenden

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Thailand to lift currency controls

By Joyce Quek in Singapore

THAILAND plans to liberalise its foreign exchange controls to help Bangkok develop as a regional financial centre, the Bank of Thailand said yesterday, Reuters reports from Bangkok.

Officials of the central bank said Thailand intended to remove a requirement for government approval before profits can be repatriated or money sent out of the country.

Thailand will also declare its readiness to obey International Monetary Fund regulations which place foreign exchange transactions in the country's trade and services account outside government control.

Mr Chatichai Choonhavan, Prime Minister, and Mr Pramual Sabhavesu, Finance Minister, are to announce the reforms on Monday.

The bank said foreign investors, especially those buying listed Thai stocks, would be able to remit dividends and capital gains abroad freely through commercial banks without seeking approval from the central bank.

News of the reforms boosted the stock market yesterday. Brokers estimated the official SET Index closed up 18.42 points at a record 927.21.

Thailand has so far required foreign investors to match their currency repatriations with funds that they had already brought in and registered with authorities.

Virapong Vacharatip, an analyst at Bangkok Bank, said the liberalisation would greatly help Thailand's external trade and investment by facilitating the two-way flow of currencies.

He said the Bank of Thailand was also expected to allow Thai companies to open foreign currency accounts abroad.

Papua wins big rise in aid despite unrest

By Joyce Quek in Singapore

THE World Bank and major donor nations yesterday gave Papua New Guinea a substantial increase in aid for 1990, as the country's finance minister warned that civil war could break out at any time over the secession of the island of Bougainville.

Despite the problems in Bougainville, where riots were reported yesterday and fighting broke out among the secessionist groups, Papua New Guinea retained the confidence of the World Bank and leading donor nations who agreed to increase aid by \$20m to \$710m (\$422.6m).

Mr Russell Chestnam, World Bank Director for the Asia Region, said the third meeting of the Consultative Group for Papua New Guinea did not discuss the situation on Bougainville, where the rebels recently declared independence but pronounced the meeting "successful... a challenge to ensure financial stability."

He praised the Government's timely measures to correct the situation arising from the sharp drop in export prices and from the year-old closure of gold and copper mines on Bougainville which deprived PNG of its largest foreign exchange earner and 35 per cent of its exports.

The Government imposed an economic blockade in Bougainville this month but had ruled out force or external military assistance in quelling the 200 to 300-strong rebel army which controls the island of 300,000 people, but troops had been placed on stand-by. "In a situation like this you can't predict what will happen next," said a spokesman for Mr Rabble Namaliu, the PNG Prime Min-

ister, in Port Moresby.

The government strategy has been to isolate Bougainville, 500 miles east of the capital, until conditions deteriorate and the rebels lose the support of local people.

Reports filtering out of Bougainville yesterday said the rebel Bougainville Revolutionary Army had split into three main factions, the Northern, Central and Southern Commands, with numerous splinter groupings also forming.

Supreme commander of the BRA Francis Ona declared himself interim president of the Republic of Bougainville on Thursday.

Mr Namaliu told the aid donors' meeting that his Government was strongly committed to the structural adjustment programme and to maintaining financial stability and accelerating reform of the non-mining economy.

Tough measures already taken include a 10 per cent devaluation of the kina in January and the slashing of government expenditure by 74m kina (\$44m).

The aid provided by the World Bank, and fellow agencies such as the Asian Development Bank and International Monetary Fund, as well as countries such as Australia, Japan, New Zealand, the EC and the US, were mainly for infrastructure development, manpower training and health.

The aid group said that despite the shocks to the economy, Papua New Guinea's medium-term external financial outlook and creditworthiness remained strong as a result of a combination of policy actions by the government and support from donors.

Clashes mark S Korean rally

By John Ridding in Kwangju

SCATTERED clashes between riot police and students erupted last night in the south west Korean city of Kwangju after more than 100,000 people held a peaceful rally to commemorate the 10th anniversary of the bloody suppression of pro-democracy civil unrest, in which more than 200 people were killed.

More widespread clashes are expected today when Chon Dae Hyop, the national student organisation, is to hold a mass demonstration in Kwangju.

The mayor of Kwangju said yesterday that security forces would "completely block the rally before it even happens"

by preventing students from outside Kwangju entering the city. But many are already believed to be in the city.

The scale of yesterday's rallies illustrates the continued bitterness felt in Kwangju and the surrounding province of Cholla at the suppression of the city's uprising in May 1980, launched in protest at the emerging military government of General Chun Doo Hwan.

Disident groups estimated that as many as 2,000 people were killed when troops moved in, but official figures estimate the death toll at about 200.

Residents of the province also complain of political and economic discrimination.

The Government has taken steps to resolve the legacy of the uprising. Last year, President Roh Tae Woo expressed "deep concern and regret" about the casualties, and the Government has announced a series of investment projects to improve the region's relative economic underdevelopment.

But a feeling of discrimination remains. "The Government's attempt to compensate for the massacre is not satisfactory for the people of Kwangju," says Professor Myung Ro Kyoun, standing chairman of Minju Yonhap, a national dissident group.

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FROM THE

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OVERSEAS NEWS

US may revise targets as budget problem worsens

By Peter Riddell, US Editor, in Washington

AN INCREASE in the Gramm-Rudman statutory targets for reducing the US budget deficit looks likely as a result of talks now under way between congressional leaders and the Bush administration. This would lengthen the time before the deficit is eliminated. After two long sessions negotiators still do not agree about the size of the problem and have not yet begun to discuss possible solutions. The only point of agreement is that the deficit cannot be reduced by more than 1 per cent of Gross National Product, or roughly \$50bn in the first year without damaging the economy. This would be twice the size of any recent deficit reduction package.

Such a cut in the deficit would probably be less than is legally required to meet the current Gramm-Rudman target of \$64bn (\$38.95bn) for fiscal 1991 starting this October, even with the \$10bn leeway allowed on top before mandatory across-the-board spending

cuts come into force. Consequently, the Gramm-Rudman targets might have to be revised upwards even before taking account of the working capital costs of buying and holding the assets of failed savings and loans or thrifts. The Bush administration and Republican senators are pressing for these temporary working capital costs to be excluded, though Democratic leaders have not yet agreed. The arithmetic of the problem is as follows, according to figures released after Thursday's talks: The administration, via the Office of Management and Budget, is projecting a deficit for fiscal 1991 of between \$125bn and \$135bn (before any budgetary measures and excluding the working capital of the thrifts). This compares with an estimate of \$100.5bn at the time of the Bush budget last January. It implies a deficit reduction of between \$25bn and \$34bn to hit the basic \$64bn target, or slightly less in

practice given normal leeway. The Congressional Budget Office is projecting a deficit of between \$145bn and \$155bn, compared with its March estimate of \$134bn. This would mean a deficit reduction package of at least \$85bn and \$95bn, well over what the CBO regards as economically acceptable. In addition, the temporary working capital costs of the thrifts' rescue could add a further \$50bn to \$60bn. Before the negotiators meet again on Tuesday Mr Richard Darman, the budget director, and Mr Robert Reischauer, the CBO director, will seek to reconcile their estimates. The upward revisions reflect the impact of higher than expected interest rates and lower than expected corporate income and excise tax receipts. There has also been a \$5.7bn increase in the administration's estimate of how much the Federal Deposit Insurance Corporation will have to spend on failed banks.

Lithuania comes under intense pressure to freeze independence

By Quentin Peel in Moscow

THE rebellious Baltic republic of Lithuania was yesterday under open pressure from Moscow, and tacit pressure from the US, to suspend its independence declaration and open negotiations on secession. The outline of a possible compromise in the confrontation began to emerge yesterday, although regarded with extreme suspicion by the Lithuanians, to provide some form of international guarantee in exchange for freezing the independence move.

The Lithuanian parliament will meet today to consider what concessions it can offer Moscow in a bid to open negotiations, and lift the economic blockade which has brought many factories in the republic to a standstill. Mrs Kazimiera Prunskiene, the Lithuanian Prime Minister, will report the results of her meeting with President Mikhail Gorbachev, the Soviet leader, and Mr Viktor Avdeyev, the Soviet Prime Minister, as well as a meeting yesterday with Mr James Baker, the US Secretary of State.

Last night she repeated a warning about the consequences for Lithuania of suspending its independence declaration, as demanded by Mr Gorbachev, suggesting that it would mean renouncing the secession right guaranteed by the Soviet constitution. In Vilnius, members of the parliament were adamant that there was no question of going back on the independence declaration in any form, but simply of freezing the legal consequences pending negotiations. Even on that score they are looking for Western guarantees of Soviet non-interference. However Lithuanian officials insist it is clear that Mr Baker had also urged some attempt to meet Mr Gorbachev's demand for a freeze on the independence declaration, if necessary backed by guarantees, for example that Moscow would not make any moves to undermine the Lithuanian government, and would halt the provocative behaviour of the Soviet military.

The Lithuanians are also convinced that Mr Gorbachev sees a freeze as the complete annulment of the independence move, while the US believes it is simply a temporary suspension. A key question is whether or not such a move would mean that Lithuania has to follow the new Law on Secession, demanding a referendum on independence, and giving an effective veto on secession to the other republics of the Union.

The attempts to promote some dialogue between Moscow and Vilnius - as demanded by the US, and the Senate in Washington - come in contrast to a worsening confrontation in the neighbouring republics of Latvia and Estonia. The Soviet prosecutor has ordered his offices to step up their actions to maintain Soviet laws, and additional Soviet border ministry troops have been despatched to the area. On the other side, the Estonian authorities have started the process of recruiting a new civil guard of volunteers, since the attempted storming of the Lithuanian parliament last Tuesday.

At this week's hearing Dr Willis did not deny that he had traded on the tip but said he had not known it was confidential. Being well-informed, he quoted the recent case of former broker Mr Robert Chestman, whose conviction on insider trading was reversed on the grounds that he did not know that a tip on the impending sale of a grocery chain was a secret.

US District Judge Miriam Cedarbaum disagreed, saying in her ruling that Dr Willis had knowingly breached a confidential relationship. "You would think that he would at least have scratched his head and wondered whether he ought to be doing this," said a spokesman for the American Medical Association. "At the very least, it's tacky."

Psychiatrist who traded on patient's anxieties

By Janet Bush in New York

NEW YORK psychiatrists don't exactly languish in poverty. But even in the world's capital of therapy it is unusual to rake in more than \$27,000 in a month - none of it from treating patients. But then, not every psychiatrist has the wife of one of Wall Street's most famous dealmakers as his patient. Federal prosecutors have indicted Dr Robert Willis, whose practice resides just off the opulent stretch of Fifth Avenue near the Metropolitan Museum of Art, for trading on information he received during a session with Joan Willis, the wife of Mr Sanford Willis, chairman of Primedia, the fast-growing financial services conglomerate.

The charges go back to 1985 when Mr Willis, then president of American Express, told his wife that he was about to launch an attempt to become chief executive officer of BankAmerica. Mrs Willis understandably shared with Dr Willis her anxiety that a move to San Francisco would seriously disrupt her family life. Little did she know that her trusted doctor would promptly phone his broker and buy \$171,190 worth of BankAmerica stock.

According to court papers made public this week at a hearing on Dr Willis's indictment - which the judge refused to dismiss - the psychiatrist then sold his stock after Mr Willis's interest in BankAmerica became public and made a profit of \$27,475 in less than 40 days. At this week's hearing Dr Willis did not deny that he had traded on the tip but said he had not known it was confidential. Being well-informed, he quoted the recent case of former broker Mr Robert Chestman, whose conviction on insider trading was reversed on the grounds that he did not know that a tip on the impending sale of a grocery chain was a secret.

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Romanian president Ion Iliescu, whose National Salvation Front leads the polls for tomorrow's elections, greets a large rally in Bucharest. Reports yesterday said there was fighting in Timisoara.

E Germans cover as Bonn's capitalist hurricane looms

EAST GERMANS greeted yesterday's signing of the economic and currency union with West Germany - and the collapse of East German business will be worse than expected. He reckons on "two to three million" unemployed. Mr Harry Zimmermann, boss of a large East German packaging group, says that if that figure is right, "we will have another revolution." He says his workers are not yet ready for a market system: "They want all the benefits without working for them."

Mr Zimmermann and others want support with tax breaks, investment incentives, and debt write-offs, to help ease the transition. They will probably get their way. Already Mr Gerhard Pohl, the German Economics Minister, has announced duties on a range of West German imports including farm products for a transitional period of one year.

That will not save a large part of East Germany's consumer goods sector. Mr Jochen Lenz, head of the shoe industry, says his workforce will fall from 47,000 to 10,000. He blames East German wholesalers for exacerbating the problems by cancelling contracts with good survival chances are planning to cut their workforces by a third. Mr Kurt Kasch, head of the Deutsche Bank in West

Berlin, blames politicians for not being more honest about the effects of unity and says the collapse of East German business will be worse than expected. He reckons on "two to three million" unemployed. Mr Harry Zimmermann, boss of a large East German packaging group, says that if that figure is right, "we will have another revolution." He says his workers are not yet ready for a market system: "They want all the benefits without working for them."

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The wholesalers were, however, merely reflecting the blind preference of most East German consumers for West German goods regardless of price or quality. That had not yet died. But East Germans have been lured back temporarily to domestic goods by price cuts of up to 80 per cent and by the need to spend surplus East German cash which cannot be converted at one-to-one. There are queues outside shoe shops and some customers are stocking up with four or five pairs. Such bargain hunting may dampen the sales boom expected by West German retailers after July 2. East Germans are also likely to be saving up for two priority purchases: a foreign holiday and a new car. Used car sales are already soaring in West Berlin where cars are being brought in from the Netherlands.

The Bonn Government decided to introduce currency union before reforming East Germany's economy because of the psychological boost that it was expected to provide. But even allowing for the continuing role of the former ruling Communist Party in media gloom and in sporadic strikes, the signs six weeks before currency union day - do not look promising. Indeed if East Berlin's sausage salesmen are an indicator of enterprise spirit, the East Germans are non-starters, all the new mobile snack bars seem to come from West Germany. The sole East Bloc representative was from Budapest.

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Feinstein to the fore as Californian politics return to life

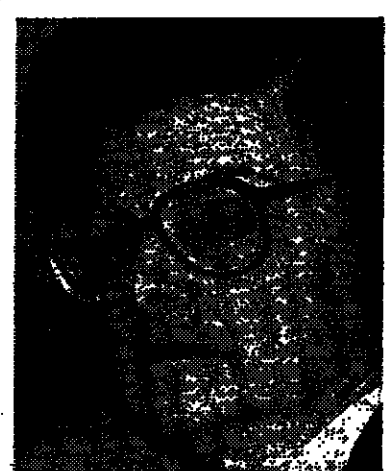
Lionel Barber looks at the race for the governorship of the Golden State, and the handicaps facing the leading lady

"SHE'S a woman, she's Jewish, and she's from San Francisco," are top Democratic party analysts in Sacramento said of Mrs Dianne Feinstein's campaign for governor of California. "This is not an ideal combination." Ideal or not, Mrs Feinstein, a former mayor of San Francisco, enjoys a slim lead over her Democratic opponent, Mr John Van de Kamp, state attorney general, in the run-up to the June 5 primary. Even more eye-catching, she is viewed widely as the party's best shot to upset Senator Pete Wilson, the cash-laden Republican, in the November general election.

This is a watershed election year in California, a trend-setting state with the sixth largest economy in the world and the most ethnically diverse population in the US. Election boundaries are being redrawn, and the state could add as many as seven new congressional seats once the census returns come in. Both Republican and Democratic parties have a chance to grow, and California will become an even greater prize in future presidential elections.

The Feinstein phenomenon confirms that politics in the Golden State has returned to life after eight years of suspended animation under Governor George Deukmejian, a buttoned-down Republican who, until a few years ago, declined to own a passport. Traffic-choked freeways, smog-filled skies, and an alarming drop in per-pupil spending in primary and high school education are causing Californians to take a second look at government; so too is the lack of planning to cope with the growing Hispanic and Asian population which, on current trends, means half of the people will be non-white by the turn of the century.

In another pointer to change, voters will be asked by referendum on June 5 to approve doubling the state petrol tax to finance an \$18.5bn (\$11bn) transportation programme; equally important is a proposal to lift spending limits imposed by the tax-cutting Proposition 13 which has put a straitjacket on local government for 12 years. Yet all this does not mean that the anti-government era is dead; nor



Feinstein: Not an ideal combination

that a new age of activism is on the way, similar to the high-spending days of Governor Pat Brown, who, between 1959-67, expanded the state's highways and public schools. "The big government/big growth complex of the Pat Brown era is not

coming back," says Mr Bill Bradley, publisher of the respected newsletter New West Notes. Public scepticism of politics and elected officials is part of California's pedigree, he argues; even last year's earthquake in San Francisco failed to shake voters' mistrust. The challenge of all candidates for governor is to galvanise voters. While she talks sensibly about managing growth, Mrs Feinstein is generally the least substantive, relying on her telegraphic personality to carry her through the primary campaign. If there is a Jewish message, it comes down to backing a woman's right to choose on abortion. By playing on fears about the Supreme Court's Webster decision last year, which handed back the abortion issue to the state legislatures, Mrs Feinstein hopes to mobilise women - who far outnumber male voters in the Democratic primary.

Mr Van de Kamp has chosen a different tack. Serious, thoughtful and unrelentingly dull, he has sought to draw attention by pushing three separate propositions (the citizens' initiative which are the tradi-

tional tool for bypassing the state legislature in Sacramento). The initiatives include ethics (limiting lawmakers' terms), crime, and "Big Green", an environmental proposal which, if passed, would cover everything from saving redwood forest and blocking offshore oil development to slowing global warming and outlawing cancer-causing pesticides in food. The Democratic fear is that the primary between Mr Van de Kamp and Mrs Feinstein could turn so bloody that neither will be in shape to face Mr Wilson, a former mayor of San Diego and two-term senator who has more than \$15m ready to deploy on TV advertising.

Mr Wilson is good deal greener than the Texas oil-man turned "Environmental President" George Bush, and has often taken a line independent of the White House, particularly on oil-drilling off the California coast. The most important influence favouring Mr Wilson could be the economy, which shows signs of weakening. Real estate prices are softening; collapses in the savings

and loan industry are restricting capital for developers; and concern about the impact of defence cuts is growing. (Even though defence's share of gross state product has fallen from 14 per cent to eight per cent in the past 20 years, defence purchases will still bring \$54 billion into the state this year.) Lockheed announced last week that it was shifting part of its Burbank operation to Georgia, and McDonnell Douglas, whose civilian business had been picking up laid-off defence workers from Lockheed and Northrop, said recently it would reduce its Long Beach workforce by 3,000.

The problems need not be overstated. Japanese companies such as Honda and Toshiba have announced expansion in their California operations, and the state's diverse economy has tended in the past to make it near recession-proof. But if the softness in the economy continues, Californians' appetite for the political gamble will doubtless diminish. And gambolling on novelty is just what Mrs Feinstein is counting on.

French train breaks 500kmh barrier

By William Dawkins in Paris

FRANCE yesterday broke its own world rail speed record, for the second time in six months, by sending a passenger train well over half as fast as an Airbus jet. A Train à Grande Vitesse (TGV), bearing Mr Michel Delabarre, the French Transport Minister, 30 engineers, several tons of electronics and a bar yesterday morning hit the new top rail speed of 515.3kmh (320.2mph). The record, achieved on new track in a picturesque rural valley near the river Loire, was later greeted by President François Mitterrand as "a major success for the SNCF" - the French rail board.

It proved that French TGVs can improve on their current top commercial speed of 300kmh, that wheeled trains will have the edge over magnetic levitation for a long time to come, and that the European TGV network of the future should be able to compete against short-haul airlines, said Mr Michael Perriand, managing director of the transport arm of GEC-Alsthom, the Franco-British engineering company which made the record-breaking train. The SNCF set its previous official best, of 482.4kmh, last December.

Yesterday's record is 1.6 times as fast as the 320kmh reliably clocked up by a popping champagne cork and 57 per cent of the 900kmh cruising speed of an Airbus-300. It is achieved by a slightly modified TGV-Atlantic, of the type to run on a new line from Paris to south-west France, due to open in September, but with three carriages instead of the 10 to be used for normal service.

FFr1.2bn ferry order. Brittany Ferries, the cross-Channel car ferry operator, is to boost its fleet by ordering two new vessels worth FFr1.2bn (\$225m) from Finland's Masa shipyards, writes George Graham in Paris.

The company said it would sign a contract with Masa next week for construction of a jumbo ferry, carrying 620 cars and 2,120 passengers, to ply between Caen and Portsmouth. It has also opened discussions for a second car ferry, to carry 1,100 passengers. Both would be delivered in spring 1992, a year before the Channel Tunnel is due to open.

Talks on EC reform

EC Foreign Ministers will today use an informal meeting at a secluded hotel in Kerry, south-west Ireland, to winnow down proliferating ideas to reform Community institutions and enable EC leaders to start negotiations on political union next month, writes David Buchanan in Brussels.

Two main papers will be laid before ministers. The first, prepared by the Irish presidency, lists all the various reforms aimed by governments, and the second focuses on the institutional aspects of the planned Eurufed.

Backing for Baker

The European Community should respond positively to the suggestion made last December by Mr James Baker, US Secretary of State, for a treaty formalising EC-US relations, a senior member of the European Commission said yesterday, writes Peter Norman in Milan.

Mr Frans Andriessen, the EC's external relations commissioner, also told a European-US Journalists' conference the community should seek a special relationship with the USSR to allay Soviet fears of isolation.



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UK NEWS

Kinnock pledge on inflation if Labour wins

By Anthony Moreton and Ralph Atkins

AN ATTACK on inflation would be central to Labour's economic policy if the party was returned to government at the next general election, Mr Neil Kinnock said yesterday.

Inflation must be brought down, and kept down without the damage now being done by high interest rates, the Labour leader said in Swansea at the party's annual Welsh conference.

His pledge came as senior Conservatives launched a concerted attack on the Opposition's economic policy.

Mr Kenneth Baker, the party chairman, in a speech today will tell Conservative parliamentarians that a Labour victory would lead to inflation, high taxes, wasted over-spending, strikes and a reduced world standing for Britain.

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Plan to split nature body reaffirmed

By John Mason

THE Government will press ahead with plans to split up the Nature Conservancy Council, Lord Hesketh, a junior Environment Minister, said yesterday.

He dismissed as "fantasies" suggestions that the Government was poised to drop the proposals from the Environment Protection Bill, which received its second reading in the Lords yesterday.

The NCC will be split into three agencies for England, Scotland and Wales with a joint committee to provide advice on national and international issues.

Lord Hesketh, for Labour, said the three agencies would have to be given adequate powers to carry out their new roles.

Tory peer Viscount Blakenham, chairman of Pearson, which owns the Financial Times and a former NCC member, said the proposals should be dropped. They would weaken the NCC's current scientific base leading to less effective conservation.

Britain would also have a weaker voice on international conservation issues.

Lord Hesketh insisted separate national agencies would be more responsive to the needs of the countryside.

Slow progress in oil clean-up

Steven Butler reports on efforts to re-open the beaches of Devon

DEVON County officials last night were expressing confidence that oil-fouled beaches would be open in two to three weeks following Britain's worst oil spill since the Torrey Canyon disaster more than 20 years ago.

About 100 men with squeegees and shovels were working yesterday to clean oil sludge from the Erme estuary, at the centre of a popular holiday area.

It is covered with about two to three inches of sticky black sludge. That's what mouse looks like, said Mr Mike Thomason, deputy county emergency officer. Mouse is the emulsified mixture of oil and water that has washed ashore.

He said the county was prepared to put more resources into the clean-up but that the effort was hampered by poor access roads to the area.

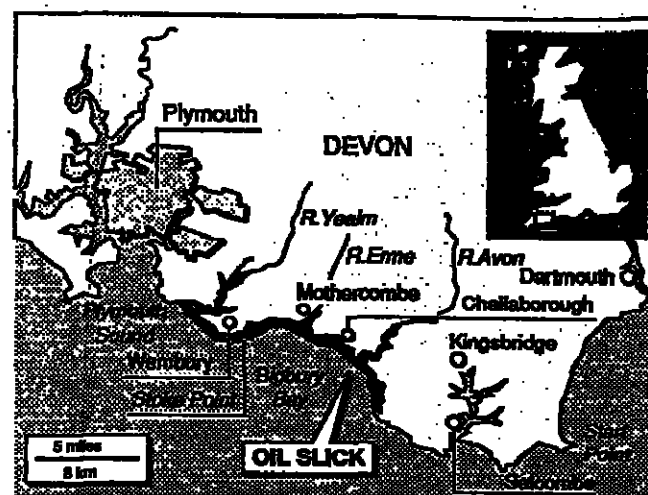
"Getting the oil into batches on the beach is easy," he said. "The big problem is getting it clear of the beach."

The oil came ashore after a collision a week ago between a Liberian-registered oil tanker, the Rose Bay, and a British fishing trawler. About a thousand tonnes of oil spilled into the water although all but about 100 tonnes were recovered after the oil was sprayed with detergents immediately after the tanker was holed.

Mr Thomason said the oil had covered a 10-mile stretch of the coastline, including four resort beaches. Thick sludge which had covered beaches Bigbury Bay, Sedgewell Sands and Chabborough had been cleared away.

There seems to be very little oil in the water now," he said. The wind had changed to the north-east and was blowing the oil toward the English Channel. "The worry is that once it starts to move you have no idea where it will go."

On the advice of the Nature Conservancy Council, the Devon authorities have decided not to touch oil, which had washed ashore in rocky areas,



DEVON
Plymouth
R. Yealm
R. Erme
Mothercombe
Chabborough
Dartmouth
Kingsbridge
OIL SLICK

and to allow the oil to disperse naturally.

The cost of the clean-up was earlier put at £1.5m. However, with winds shifting and new areas fouled, the cost threatened to rise.

Mr Robert Seward, of Britannia Steamship Insurance Association, said he expected the final cost to fall well below the £1.7m (£10m) for which the Rose Bay was insured by his company. Any further liability up to £50m would be covered by the International Oil Pollution Compensation Fund.

Britannia Steamship would pay for the clean-up and any other liabilities under the Civil Liability Convention regardless of whether the Rose Bay was at fault in the collision. If the trawler was at fault Britannia Steamship could attempt to recover damages, although it is unlikely that the trawler's insurance would be sufficient to cover the cost.

Claims were already coming in from local fishermen and boat owners.

Environmentalists criticised the initial response to the spill, but Mr Paul Horsman of Greenpeace said the beach clean-up operation appeared well in hand.

Although aircraft were successfully deployed within hours to spray the oil, "What they didn't get together very quickly was the mechanical method of cleaning up the oil," he said.

Greenpeace said clean-up ships arrived on Monday but were delayed a day until proper equipment could be assembled, by which time the weather had turned foul.

"It is impossible to skim up oil at sea in any sensible way," he said. "If you've got a substantial quantity of oil close to a shoreline, whether it comes ashore or not is much more in the hands of God than in the hands of people trying to clean it up."

Retreat on NHS funding call

By Philip Stephens, Political Editor

MR KENNETH CLARKE, the Health Secretary, tried yesterday to lower expectations about the scale of new resources for the Health Service as Whitehall spending departments finalise their bids for extra funds next year.

His speech came amid signs that the Treasury has targeted the Departments of Employment, Education and Trade and Industry as well as the Ministry of Defence for spending cuts over the next three years.

In an unusual public comment on the annual spending round, Mr Clarke criticised "inaccurate and premature" press speculation about the amount of extra cash he will seek from the Treasury.

Speculation has centred on a bid of £3bn in additional cash for the £29bn health budget next year.

He said health service spending, which had jumped by £5bn over the last two years, would continue to increase but that "excessive" increases in public spending would threaten the Government's priority of reducing inflation.

His comments, however, seemed to be more a tactical manoeuvre to enhance his credibility with the Treasury than indicating readiness to accept a smaller rise in resources.

Senior Whitehall officials said that in informal contacts with the Treasury, Mr Clarke had indicated he needed a settlement at least as big as last year's to prevent a financial crisis in the health service.

The sharp rise in inflation, the cost of implementing NHS reforms next April and the rising costs of drugs and equipment originally envisaged for 1991-92 point to a real cut in health spending.

Mr Chris Patten, Environment Secretary, and Mr John MacGregor, Education Secretary, are expected to submit their multi-billion-pound bids at the end of next week.

The Treasury has warned that this year's negotiations may prove the toughest since the Government took office in 1979. As well as cuts in defence spending it is looking to curb the Transport Department's roads budget. Employment Department spending on training is another target, as is the Trade and Industry budget.

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Channel tunnel rail boost announced

By John Mason and Richard Tomkins

BRITISH RAIL'S Channel tunnel infrastructure will receive more than £250m in new investments, Mr Cecil Parkinson, the Transport Secretary, announced yesterday.

But in a backbench Commons debate on BR's preferred location for the tunnel's London terminal, Mr Roger Freeman, Minister for Public Transport, refused to be drawn on speculation that public funds would be provided towards the proposed high-speed rail link between the tunnel and London.

The Department of Transport said Mr Parkinson was still discussing the rail link proposals with colleagues and an announcement was unlikely until after the Whitsun recess.

The investments announced yesterday are for upgrading the existing rail infrastructure which will serve the tunnel from its opening in 1993 until the high-speed link comes into operation in 1996.

They include £98.5m for the Waterloo passenger terminal, £75.7m for a depot at Wormwood Scrubs to service the international trains and £80m to electrify the Tonbridge-Redditch line.

Mr Freeman was challenged by Mrs Joan Ruddock, a Labour Transport spokeswoman, to say whether the Government would subsidise the high-speed rail link. Although the Channel Tunnel Act prevents direct public subsidy of the link, public money could be given indirectly through increased grants to commuter services on the same lines.

After a series of protests from MPs over BR's preference for King's Cross for the main terminal, Mr Freeman insisted BR had properly examined alternative plans, including those to base the terminal at Stratford, east London, and a final decision had yet to be made.

Even if BR had chosen Stratford, the link would still have run through Kent rather than Essex for the benefit of the Waterloo terminal, he said.

Mr Gerald Bowden, Tory MP for Dulwich, which would be affected by a route to King's Cross, warned the timing of legislation for the link would mean in the south-east that the issue would dominate the next general election.

THE Government is expected to come under strong pressure to introduce statutory regulation of the security guard industry, according to a leaked report which led to another row in the House of Commons about early disclosures of official documents.

Industry and government sources have confirmed that the report from the Commons select committee on defence, called Physical Security of Military Installations in the United Kingdom, which is to be published next week, will recommend statutory regulation covering security guard companies.

The report is also expected to be critical of the way the Ministry of Defence contracts out its private security work.

Mr David Fletcher, chief executive of the British Security Industry Association, said he would welcome a statutory licensing system. The association, which has 150 member companies, including 45 contract guarding companies, has its own inspectors and vetting procedures but they cannot be applied to non-members.

The disclosure of the defence committee's findings after a series of earlier leaks from other committees has led to MPs voicing serious concern about the industry's working conditions and the introduction of television cameras has heightened their profile in Westminster and beyond.

THE GUINNESS TRIAL

Prudential 'was not influenced' by Sir Jack

LORD HUNT, chairman of Prudential Corporation and a former Cabinet Secretary, was a surprise witness at Southwark Crown Court yesterday.

He was in court to deny that Sir Jack Lyons, the millionaire financier, had in any way influenced the Pru's decision to hold the 4 per cent holding in Distillers to Guinness during the 1986 takeover battle.

Lord Hunt was asked by Mr Robert Harman, QC, for Sir Jack, how he came to be in court. "Your name appears on no list of witnesses we have ever been furnished with."

Lord Hunt said it was due to an inaccurate newspaper report that Sir Jack had persuaded the Pru to donate 100 shares, which, as he had since learnt, had misrepresented evidence given by Sir Jack to DTI inspectors investigating Guinness.

A transcript of Sir Jack's interviews with the inspectors has been read in court.

Questioned by Mr John Chadwick, QC, prosecuting, Lord Hunt said that in April 1986, Sir Jack had told him he hoped the Pru would accept the Guinness bid and had outlined his reasons.

Lord Hunt said he had not given Sir Jack any cause to think he had influenced the way Lord Hunt would recommend dealing with the Pru's holding.

Had Sir Jack in fact influenced the

Pru's decision? asked Mr Chadwick.

No, said Lord Hunt. The feeling had been that the Pru should in fact support Argyll, the rival bidder, but "at the end of the day, we accepted the Guinness bid because by that time... Guinness already had more than 50 per cent acceptance."

Sir Jack with Mr Saunders, former Guinness chairman and chief executive, Mr Gerald Ronson, Heron group chairman, and Mr Anthony Parnes, a City stockbroker, deny charges arising from an allegedly unlawful share support operation mounted by Guinness during the bid.

Court report by Raymond Hughes

Mr Anthony Greener, managing director of United Distillers who was one of the non-executive directors invited on to the Guinness board late in 1986, said he had been sceptical of Mr Saunders' denial of any knowledge of alleged illegalities, revealed by Mr Olliver Rous, Guinness' director of finance, in a letter to the company's solicitors in January 1988.

"There did not seem any reason why Mr Rous should be putting forward information in his letter if there was

not a very substantial amount of truth in it, because it was a highly self-incriminating letter," Mr Greener said.

Cross-examined by Mr Richard Ferguson, QC, for Mr Saunders, Mr Greener denied he had set out "to vilify" Mr Saunders in his statement to the police.

Mr Ferguson suggested the new non-executives had met as a "catalyst" and tried to keep their deliberations secret from the rest of the board and that their one aim had been to remove Mr Saunders as chairman.

Mr Greener denied there had been any secrecy and said their aim had been to ensure the right thing was done for the company and its shareholders.

He said it was totally untrue that the new non-executives had been looking for a pretext to get rid of Mr Saunders and that the Rous letter had given them one.

Mr Ferguson asked if it had occurred to Mr Greener that, if Mr Rous had realised that the game was up "the best way of defending himself would be by writing a letter setting out his part and then saying that everything I did I did with the approval of the chief executive."

Mr Greener said he did not believe Mr Rous would have written the letter to protect himself.

The trial resumes on Monday.

NEWS IN BRIEF

Truck plant cuts quarter of its jobs

AWD, THE privately owned UK truck maker, is cutting the workforce at its Dunstable assembly plant by nearly a quarter with the loss of 230 jobs, writes Kevin Dineen.

The cuts are a further sign of the continuing recession in the UK truck market, where sales began to fall sharply in the final quarter of last year and were 25.3 per cent lower in the first four months of 1990.

The redundancies at AWD follow an earlier move this year by Renault Truck Industries, which is also based in Dunstable, to cut its UK workforce by 28 per cent including a force by 28 per cent in the first four months of 1990.

AWD, the former heavily loss-making Bedford truck business which was acquired by Mr David J.B. Brown from General Motors in 1987, is planning to reduce its workforce from 990 to 770 during the next four months, mainly through voluntary redundancies.

UNIT trust gloom

THE UNIT trust industry plunged deeper into gloom following the publication of April's sales figures yesterday, writes Eric Short.

These showed that net new investment in the month amounted to £15.6m, only a slight improvement on March's net disinvestment of £18.6m.

In spite of the launch of nine new funds - seven of them single-market European funds from the Royal London group - a net loss of units was bought by investors in April, the lowest monthly figure since December 1988.

The amount of units bought in the first four months of this year was £2,950m, compared with £2,850m in the first quarter and £2,890m in 1988. But this investment is offset by a continued high level of units being redeemed by investors. This amounted to £2,650m in April and £2,910m in the first four months of this year.

EC envoy for UN

SIR DAVID HANNAY, the UK's ambassador to the EC, is to be replaced by Mr John Kerr in September. Sir David, aged 54, will leave his post in the EC in September, the present ambassador to the United Nations in New York, who is retiring from the diplomatic service.

Mr Kerr moves from heading the Foreign Office's EC department to become the UK's permanent representative to the EC at the young age of 47, after a career which includes a spell at the Treasury and close association with Sir Geoffrey Howe at both the Treasury and the Foreign Office.

President F.W. de Klerk of South Africa at Heathrow airport yesterday where he was met by Sir Geoffrey Howe

De Klerk visits London

By Our Foreign Staff

MRS Margaret Thatcher, the Prime Minister, will encourage South African President F.W. de Klerk to press on with the abolition of apartheid when they meet in Britain today.

Downing Street sources said that President de Klerk's return to date, including the release from prison of Mr Nelson Mandela, the African National Congress leader, had vindicated Mrs Thatcher's policy of putting "positive pressure" on Pretoria.

Before arriving in Britain President de Klerk had been met by heads of state in Portugal, Italy, Greece, France and Belgium. He also met Mr Jacques Delors, president of the European Commission.

On his six-nation tour of Europe Mr de Klerk has sought to convince government and European Community leaders that reforms introduced by his Government justify the lifting or easing of

sanctions. Measures taken by Pretoria include the release of Mr Nelson Mandela and a number of other political prisoners and the unbanning of the African National Congress and South African Communist Party.

Mr de Klerk and members of his Cabinet have also held talks with an ANC delegation aimed at creating a climate conducive to full negotiations.

However, anti-apartheid organisations including the ANC argue that sanctions need to be maintained to ensure the dismantling of apartheid. "It is too early to call for an end to sanctions," Mr Alfred Nzo, general secretary of the ANC, said in London yesterday.

Mr Nzo said that although the ANC recognised the significance of the reforms made by Mr de Klerk to date he had offered nothing that amounted to "profound and irreversible change."

Driving test fees

THE COST of a driving test is to go up on June 18 from £18 to £18.50. The fee for a part II motorcycle or a moped test will go up from £24 to £26; and the fee for an HGV/PSV test will rise from £42 to £4

UK NEWS

Ulster by-election set back for Tories

By Ralph Atkins and Our Belfast Correspondent

THE CONSERVATIVE Party yesterday suffered a harsh defeat in the first parliamentary election it has fought in Northern Ireland for 70 years as the Official Unionist candidate took an easy victory in the Upper Bann by-election.

Mrs Collette Jones, the Tory candidate, lost her deposit and polled almost 1,000 votes fewer than Sinn Féin, the IRA's political wing.

Her relegation to sixth place came in spite of a high profile campaign backed up by visits to the constituency by several senior ministers, including Mr Kenneth Baker, the national party chairman.

Although the Unionist-dominated constituency was regarded as a reliably Tory territory, the result will set back

hopes of the province's eight fledgling Conservative associations providing a viable alternative to the province's established parties.

Mr David Trimble, the Official Unionist candidate, polled 20,547 votes, beating into second place Mrs Brid Rodgers, the Social Democratic Labour Party candidate. The by-election was caused by the death of Mr Harold McCusker.

The OUP share of the vote, at 58 per cent, was slightly lower than the 61.5 per cent it won in the 1987 general election. But the convincing win by a majority of 13,949 underlined the continuing support for Mr James Molyneux, OUP leader and a critic of the 1985 Anglo-Irish Agreement.

Mr Trimble, a Queen's Uni-

versity law lecturer, said the electorate had rejected out of hand the agreement, which he claimed was the main issue in the by-election.

He said Mr Peter Brooke, the Northern Ireland Secretary, must realise he was "defending the indefensible" and accused him of dragging his feet in his attitude to talks with the Unionist leadership.

Mrs Jones, who sought to persuade the electorate that a Conservative vote was a positive vote for the party in power, received 1,033 votes compared with 2,033 for Sinn Féin candidate, Ms Sheena Campbell.

Northern Ireland's Conservatives won official recognition for the first time at the party's national conference in Black-

pool last autumn. They held a handful of council seats, most notably in the prosperous area of North Down, which is regarded as their best hope.

The full results were: Mr David Trimble, Official Unionist, 20,547; Mrs Brid Rodgers, SDLP, 6,998; Sheena Campbell, Sinn Féin, 2,033; Rev Hugh Ross, Ulster Independence Party, 1,033; Mrs Collette Jones, Conservatives, 1,033; Dr William Ramsey, Alliance, 963; Mr Gary McMichael, Ulster Democratic Party, 600; Mr Peter Doran, Green Party, 576; Mr Erskine Holmes, For the Right to Vote Labour, 235; Mr Alastair Dunn, SDP, 154.

Poll, 35,620; percentage poll, 53.66 per cent; spoiled votes, 174; majority, 13,949.

Dublin calls for prompt action on UDR report

By Ralph Atkins

THE IRISH Republic has called for the swift implementation of proposals for tighter controls on the Ulster Defence Regiment following the Stevens report into collusion between Northern Ireland's security forces and loyalist paramilitaries.

Mr Gerry Collins, the Irish Foreign Minister, said the report confirmed the basis for his Government's "profound concern." Recommendations made by Mr John Stevens, deputy Chief Constable of Cambridgeshire, should be introduced "promptly," Mr Collins said.

He would be seeking to learn from the British authorities the steps they intended taking to implement Mr Stevens' recommendations.

The report, published on Thursday, listed 83 proposals for improving army vetting procedures, recruitment and tightening controls on the handling of sensitive documents.

The inquiry said UDR members had been involved in collusion but that the passing of information to paramilitaries by security forces was "neither widespread nor institutionalised." Allegations of collusion dominated a series of meetings of the Anglo-Irish conference last autumn.

Although Mr Collins' statements were strongly worded, the British Government is likely to take some comfort from Ireland's promise of a full exchange of views at the next meeting of the conference - suggesting both governments are anxious to avoid a round of damaging "megaphone diplomacy."

No charges in Clapham rail disaster

NO CHARGES are to be brought in connection with the Clapham Junction, London, train disaster, in which 35 people died and 113 were injured, it was announced yesterday.

The Director of Public Prosecutions decided there was no evidence to bring a charge of corporate manslaughter against the British Railways Board or charges of manslaughter against individual employees.

A statement from the Crown Prosecution Service said the DPP's decision was made following a detailed investigation by British Transport Police and other "close consideration" was given to a report by Mr Anthony Hadden, QC, who carried out an inquiry into the disaster.

"The Director of Public Prosecutions has concluded that as a matter of law there is no evidence upon which a prosecution for corporate manslaughter may be brought against the British Railways Board in connection with the Clapham Junction railway accident on December 12 1988," the statement said.

He has also concluded that there is insufficient evidence to justify the institution of proceedings against any employee of the Board for manslaughter or for any other offence.

The inquiry was told the accident happened seconds after a train driver used a trackside telephone to report a defective signal.

The driver said he had stopped his train at the next signal after the faulty one but before he was able to make his report he heard an "alarming crash" as a packed commuter train from Poole, Dorset, smashed into the rear of his train.

EMPLOYMENT

Nalco to ballot NHS members on strike action

By Lisa Wood, Labour Staff

MORE THAN half of the 130,000 administration and clerical workers in the National Health Service are to be balloted over strike action in protest at a 7.7 per cent pay offer.

The call by Nalco, the public service union, comes the day after the NHS and potentially could hamper the introduction of radical plans for its re-organisation by Mr Kenneth Clarke, the Health Secretary.

Strikes action by clerical and administration workers would disrupt the NHS and potentially could hamper the introduction of radical plans for its re-organisation by Mr Kenneth Clarke, the Health Secretary.

The decision by Nalco to hold a ballot was taken by a 200-strong delegates conference meeting in London yesterday. Delegates voted by a majority of three to one to reject the 7.7 per cent offer.

Action proposed included one, two and three day strikes, plus indefinite action by selected groups which could include those dealing with NHS finances and the White Paper. The ballot will begin next week with a result expected on June 14.

Nalco has the largest membership among hospital clerical and administration workers. A ballot of union branches by Cohse, with 6,000 clerical and administration workers, narrowly accepted the offer.

The union representing clerical and administrative workers was for 118 a week or 12 per cent, whichever was the greater.

Last year administrative and clerical staff settled for 6.5 per cent plus an average of



Kenneth Clarke: radical plans may be hampered

3 per cent for restructuring. Ms Lynne Robson, chair of Nalco's health committee, said pay rates were "disgraceful. The employers and the Government have traded on our goodwill and have done so for years. We are sick to death of being at the bottom of the pay pile."

The Department of Health said yesterday that even if the Nalco ballot was passed "there was a long way to go" before industrial action would occur.

Members of the TGWU general union in the electricity supply industry have voted to accept a 10.2 per cent pay offer by 5,494 to 2,391, it was announced yesterday. The vote followed a recommendation to accept the offer by union leaders.

The results of other votes among the 76,000 electricity supply industrial workers are expected shortly.

Mr Jim Mowatt, TGWU national officer, said the vote showed that workers wanted to retain national negotiations.

Yorkshire dyers set for War of the Roses

By John Gapper, Labour Editor

SOME 500 dyers and finishers in the Yorkshire wool textile industry yesterday threatened to go on strike after employers offered them the same pay rise as other Yorkshire textile workers rather than the Lancashire dyers.

The dispute has arisen out of tangled skeins of pay talks which have followed the break-up of joint pay bargaining across the textile industry. It is the first time Lancashire and Yorkshire employers have negotiated separately.

An overtime ban is to be started from next week in about nine factories followed by a strike from June 11 over a 7.5 per cent offer. About 2,000 dyers and finishers in Lancashire have already accepted an 8.5 per cent deal.

"The dyers and finishers are customers of the Yorkshire spinners and weavers and we cannot treat them differently," said Mr John Lambert, industrial relations director of the Confederation of British Wool Textiles.

However, the dyers and finishers' union said they deserved the same pay increase as dyers in Lancashire because they did comparable work. A strike would be the first among dyers and finishers since the 1920s, it said.

The dispute indicates the difficulties in pay bargaining within the textile industry following the dispute among cotton workers two years ago. That led to the break-up of joint pay talks covering both sides of the Pennines.

Mr Lambert said the Yorkshire companies - which decided to negotiate separately after the break-up of the British Textile Employers' Federation (BTEF) - would not increase their offer, which includes a rise in sick pay.

Mr Peter Booth, national secretary of the TGWU general union's textile group, said three Yorkshire companies had rung the union to offer the same 8.5 per cent rise given by the Employers Federation of Textile Finishers (EFTF).

The EFTF was the body set up by Lancashire dyeing and finishing companies after the break-up of the BTEF. However, the Yorkshire employers refused to join and decided instead to negotiate through the CBWT.

Mr Booth said 7.5 per cent was a "disgraceful and insulting offer." He said the rise in inflation meant that workers at Yorkshire dyeing and finishing companies might not even accept 8.5 per cent now.

Mr Lambert said that some Yorkshire companies were offering more pay in return for changes in working practices. He said the offer included a bringing forward of the pay date which meant it was worth 7.5 per cent in all.

When the textile joint negotiations ended after the cotton dispute, larger finishing companies decided to negotiate pay separately.

Bus company on route to success

Ian Hamilton Fazey on Optare of Leeds, which DAF is purchasing

EVERY six weeks Mr Russell Richardson prepares a detailed account of his company's performance and presents it to shareholders after work at the factory in Crossgates, Leeds.

Optare, the bus making company, is very much out of the ordinary in an industry that has seen turmoil and corporate failure in the wake of the privatisation and de-regulation of Britain's local bus services.

Formerly known as Charles H. Roe, the company's success is such that DAF, the Netherlands motor company, is buying it, subject to shareholder approval. The bulk of the shareholders are the workforce and it is they who turn up to grill Mr Richardson at the evening meetings.

The arrangement works well enough for them not to bother with trades unions. Roe had nine of them and demarcations. Optare works flexibly; no one is ever idle, the workforce is up to 250 from the 100 it had at the time of its resurrection, and is recruiting 50 more.

Mr Richardson is a manager between 1978 and 1981, when Roe was part of British Leyland. In 1984, BL shut Charles H. Roe. The workforce asked the newly-formed West Yorkshire Enterprise Board to take over the company.

There came a day when the board was looking for a manager to run the renamed business. Proof of his commitment was also required. He was 35 at the time with little accumulated capital, so he took out a second mortgage to buy 25,000 £1 shares and prove he was in earnest.

Since then, Mr Richardson has been made an MBE and the board is an independent venture fund known as York-



Russell Richardson (left) and one of Optare's new buses on route in London

shire Enterprise with more than 100 investments. It owns Optare with Mr Richardson and the workforce, who bought stakes through one of Britain's first share ownership schemes.

"Because of the trauma of the closure of Roe, the people we recruited with had much more determination than normal employees," Mr Richardson said yesterday. "From there on it has simply been a matter of making the right strategic choices."

However, the bus market was chaotic and unpredictable for manufacturers. Bus buyers were local authorities. Each had its own design, based on the idiosyncrasy of a borough engineer and it took months to draw up specifications. Buyers would specify the chassis and engine and the bus manufacturer would build as ordered if its tender was approved.

Optare researched the market and decided that small buses were a niche that would grow after de-regulation in 1987. Bus buyers would be privatised companies with an eye on the bottom line: none would be able to afford long lead times or unique designs.

In 1986, Optare launched the City Pacer, having settled on Volkswagen for the chassis and Aluminac for the body. Its next, the Star Rider minibus, used a Mercedes chassis.

The buses were of uniform design but the buyer had options, such as the number of doors. "We have developed a simple clarity of design," says Mr Richardson. "Our customers can come and choose what they want" he adds, with delivery in eight weeks.

DAF got to know Optare when they jointly developed the Delta, a large single-decker

lightweight bus with a coach-standard chassis for passenger comfort. It has won Britain's Bus of the Year title for two years running.

If the takeover is approved, other new products will follow as Mr Richardson and Optare will head the UK operations of DAF's United Bus.

Apart from security, the shareholders' other reward will be capital gains between five and seven times their investments. At the same time, Yorkshire Enterprises will continue to confound its early critics with a comfortable realisation.

Mr Richardson, whose share options have now swollen his company, will roll over some of his equity into United Bus. He will not be able to run anywhere with it, however: DAF is trying him down with a contract.

CAA checks for Boeing 737s after incident

THE UK's Civil Aviation Authority (CAA) ordered checks yesterday on all Boeing 737 twin-engine aircraft operated by British carriers after a steering wheel came off in a co-pilot's hands during a flight this week, writes Paul Bett.

The incident happened on a West German 737-400, the same type of aircraft that crashed on the M1 last year. The US Federal Aviation Administration made a similar order.

The airlines were checking to see if a connecting pin was missing and for any damage to bolt threads. Boeing, the manufacturer, discovered an aircraft with a connecting pin missing in an inspection of aircraft about to be dispatched.

M1 crash pilot gives evidence

THE PILOT of the M1 disaster believed he had problems with both engines before the Boeing 737-400 crashed near the village of Kegworth, Leicestershire.

Mr Kevin Hunt, wheelchair-bound since breaking his back in the accident, told an inquest yesterday that he and his co-pilot, Mr David McClelland, shut down the right hand engine on their Boeing 737-400 after noticing vibrations and the smell of smoke.

Captain Hunt was giving evidence at an inquest into the 47 people killed when the Boeing crashed into the M1 in January 1989.

He said a fire warning came on for the left engine when they were about three miles from an emergency landing at

East Midlands airport. There was no time to try to start the right-hand engine.

"I remember that we had to try to avoid Kegworth and the M1. I believed we had a problem with both engines," he said.

The British Midlands jet was bound from Heathrow to Belfast but was diverted to East Midlands when the pilot realised he had an emergency.

Throttling back the right-hand engine had the "desired effect" of reducing the vibration, smell and smoke, so the pilot thought they had acted on the correct engine.

Captain Hunt said he now realised the right-hand engine had been in good working order throughout the flight and accepted responsibility for the

actions of himself and Mr McClelland on one engine was a well-practised manoeuvre.

At the start of the emergency Captain Hunt said he noticed a "shroud" of smoke which seemed to be coming through the cockpit door. He suspected fire in the right-hand engine because of where the smoke was coming from.

Earlier the inquest heard that Mr McClelland had stumbled with his words when telling Captain Hunt where the fault was, but had settled on the right engine. Captain Hunt said he had never doubted this was the engine with the problem.

The hearing resumes on Monday.

Depressed travel industry seeks psychiatric advice

By David Churchill, Leisure Industries Correspondent

BRITAIN'S travel industry has called on the services of a professor of psychiatry in its latest ploy to help increase package holiday sales - it still has more than 1m holidays to sell for this summer alone.

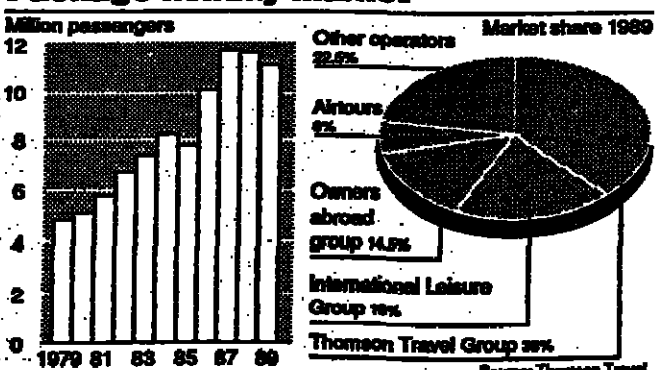
The Association of British Travel Agents, which represents all sides of the package holiday business, has produced a report from Professor Chris Thompson of Southampton University, claiming that a dose of sunshine during the winter months helps to ward off depression.

If this analysis is true, there could be a lot of depressed people around this year. The latest travel trade figures this week prompted market leader Thomson Holidays to describe package holiday sales last winter as the "worst for a decade."

Winter holidays in the past decade had been one of the more buoyant parts of the travel business, with little price competition meaning that margins and profits were higher than for the summer package holiday market.

Traditionally, they appealed to people seeking a second holiday in the sun during the win-

Package holiday market



ter; people who could afford an extra two weeks in Tenerife or skiing in the Swiss Alps.

The travel trade believed that even with high interest rates causing the main summer market to slide into decline, the winter market would hold up well as those who took winter holidays generally benefited as much as lost from high interest rates.

But their calculations went awry with the overall market last winter falling 11 per cent to 1.6m holidays.

"The problem last winter was a shake-out of those people who had come into the winter market when times were good and then were hit by interest rates," points out Mr John McEwan, managing director of the Thomas Cook retail travel agency chain.

"These people have decided that they would hold back on a winter holiday and just stick to one main summer holiday."

The immediate repercussions of the slowdown in winter holiday sales was a flare-up this

week of the sort of price-cutting fervour that used to be such a feature of the travel trade until recently.

The two leading players - Thomson Holidays and Intasun - had ended the price-war of recent years on summer package holidays in an attempt to improve water-tight profit margins.

But this did not stop them this week claiming in good knock-about style to be the cheapest on selected destinations in the Mediterranean.

What they did not claim, however, was to be selling holidays cheaper than last year: the marketing battle in the early 1990s is now being fought over which company has the smallest price rises. Intasun was claiming victory in Spain for next winter, while Thomson was winning on the Florida programmes.

But the marketing hype this week about next winter's holiday programmes did not mask the more critical problems being faced by the travel trade.

The 20 per cent fewer bookings for package holidays this summer has thrown the charter airline business into tur-

mole, as was shown by the Britannia Airways job cuts announced earlier in the week, and put intense pressure on the travel agency sector.

British Airways, for example, is negotiating to sell its small Four Corners travel agency chain which it started two years ago.

Four Corners hoped to capitalise on changing holiday patterns and to attract the more sophisticated traveller. Yet it has found it difficult to compete in a declining market where its rivals are still offering discounts on holidays booked through them.

Holiday patterns are changing. For example, while bookings for beach holidays to the Mediterranean were down by 20 per cent last winter, long-haul holidays to Florida were up 25 per cent. Seat-only flights for those holidaymakers with timeshare properties or other accommodation were up by 40 per cent.

Those operators who can best read the changing markets will become the driving force of the travel industry in the 1990s.

Leader page, Page 6

Funding of Tecs to be examined

By Lisa Wood

THE Government yesterday announced that it was setting up a working party to examine budgets of the new Training and Enterprise Councils (Tecs).

The announcement was made by Mr Michael Howard, Treasury Secretary, at the first national meeting of the 82 chairmen and chairwomen of the employer-led Tecs.

It signals that Government has taken on board criticisms by Tecs over cuts in their projected budgets - from about £2.9bn to £2.5bn in the year when it hands over responsibility for the Youth Training Scheme and Employment Training to the Tecs.

The budget for YTS, for example, has been cut by 10.7 per cent in cash terms, and ET by 5.5 per cent. The Government says this is because of falling unemployment levels and its wish that employers contribute more towards training.

Mr Howard told the meeting that he understood concerns over funding. A working group of his department's officials and Tec chairmen would be set up under the chairmanship of Mr Tim Eggar, employment minister, to examine budgeting as well as greater flexibilities.

Full employment, the largest training provider to ethnic minorities, and an organisation whose funding inspired private sector involvement in the inner cities, is closing four of its 18 centres catering for ET.

It said this was because of Government cuts in its trainee places, from 1,080 to 855, and the offer of a new unit price per trainee which it believed would not cover costs.

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Saturday May 19 1990

Much ado about nothing

THURSDAY was a silly day's work in the City. First, the City decided that an interview by the Chancellor of the Exchequer in the Wall Street Journal meant that entry into the Exchange Rate Mechanism of the European Monetary System was imminent. Then it concluded that this would be wonderful for British inflation (which ought to be true - in the long run) and for British business (which is most unlikely to be true - except in the long run) and promptly drove up stock and gilt prices.

The index of Government securities rose by 2 per cent, the interest rate on three-month interbank lending threatened to fall below 15 per cent and the effective index for sterling rose almost 1 per cent on the day. To crown it all, the FT-SE 100 index rose by 33.3 points, the largest daily gain since October 1987.

Why the excitement? Nothing that the Chancellor of the Exchequer said this week about the EMS changes what was known. The Prime Minister has apparently given his blessing to the principle of entry and will, it is alleged, allow Mr Major to choose his timing. Italy's elimination of exchange controls has also satisfied another condition.

Yet Mr Major also repeated more or less what he has said before. "I am sure we will benefit from joining the ERM," he remarked at the CBI dinner on Thursday night. "and join it we must certainly with the right conditions are met. But it is an added discipline, which will reinforce monetary restraint, not replace it."

Rightly or wrongly, the Government's intention is to enter the ERM when inflation in the UK converges towards those of its members. The underlying rate of inflation in the UK, somewhere between 6 and 7 per cent, is not as far from that target as the headline numbers suggest, but it is moving in the wrong direction. With monetary policy only beginning to turn and underlying earnings in manufacturing rising by 9.4 per cent over the year (up from 8.4 per cent a month ago), even though overtime is down, it will be some time before that condition is met.

Puzzling reaction

When the UK will enter the ERM remains a matter of speculation. The consequences are a little less speculative. But on this reaction of the markets is puzzling. Equity investors may believe that ERM entry would be no more than an election-winning ploy to get interest rates down and keep the pound strong. But if it were, it would be a catastrophe for inflation, which makes one

wonder why gilt markets rose. Think the cynical view through. The market would, presumably, be convinced of adherence to the ERM only for the short term. Short-term interest rates would fall and, given the strictly limited change in longer-term inflationary expectations, that fall would swiftly flow through into borrowing. Demand would pick up, the election would - it is presumed - be won. But, thereupon, the UK would suffer a resurgence of underlying inflation and a further increase in the current account deficit.

Limited credibility

Such cynicism could prove self-fulfilling. If entry into the ERM has little effect on long-term inflationary expectations, perhaps because the commitment has limited credibility, then consequences so uncomfortable that the policy might well be abandoned. Profitability in the production of tradable goods and services, some 40 per cent of the economy, would be squeezed between wage inflation at 9 per cent or more and the downwardly rigid exchange rate. This would not augur well for the Government's election chances. With limited effect on inflationary expectations, longer-term interest rates would remain high, which would not augur very well for the gilt market either.

There is more than mere theory to go on. Spain entered the ERM on a wide band, almost a year ago. Since then wage inflation has been sustained, while interest rates on three-month money, at over 15 per cent, are higher now than they were then. The differential of the rate of inflation between Spain and the UK has shrunk by very little and only because West German rates have risen.

ERM entry is no magic wand to get interest rates down and secure electoral victory for the Government. If that is realised, at least the UK will not enter for the wrong reason. If it is not, the whole policy could be swiftly undermined.

ERM entry is a long-term disinflationary policy, one that will reduce inflationary pressure, to the extent that it did, would require buttressing by other instruments of policy. This week's reaction suggests ignorance of this fact. UK entry into the ERM would be no happy marriage, but, entered into for the wrong reasons, could still ensure a lengthy repast.

Opera houses are seeking a corporate lifeline, reports Antony Thorncroft

The Donors' Opera



If you are a rich businessman and you receive a call from Sir George Christie, Mr Jeremy Isaacs or Sir Kenneth Bradshaw, beware - they want your money. Sir George is looking for £35m to rebuild the opera house at Glyndebourne; Mr Isaacs desperately needs £40m by Christmas to re-develop the Royal Opera House, Covent Garden; and Sir Kenneth would do with £50m to transform a field in the Midlands opposite Compton Verney into a new opera house.

Add in the ambition of Welsh National Opera to build its own home, and the perennial quest for an opera house in Edinburgh, and you have an unprecedented array of begging bowls seeking funds for the most elite and expensive of art forms.

Although there is an element of coincidence about the timing of the three big appeals, the protagonists have been spurred on by two favourable portents - the growing popularity of opera in the UK, and an apparent willingness by business to fund the arts, in particular opera. In 1988-89 opera attendances in the UK were at a record level, with almost 1.2m tickets sold for performances by the leading opera companies subsidised by the Arts Council. At the same time corporate sponsorship of arts events has grown from less than £1m 12 years ago to more than £30m in 1989.

Signs of the opera revival are everywhere, and at every level. The tenor Luciano Pavarotti can still sell out venues designed for massive rock concerts, like the 10,000 seater London Arena, in hours, and commanded black market prices of up to £1,000 a ticket for his recent performances in L'elisir d'amore at Covent Garden.

Almost 100,000 people crammed into the Royal Court Arena last summer for Carmen; divas like Montserrat Caballé make the record charts as they duet with pop singers like Freddy Mercury; and opera movies like Franco Zeffirelli's La Traviata are box office successes.

Yet opera is currently managing a precarious balancing act, trying to appeal to a new audience with revolutionary productions of old operas, and avant-garde experimentation in new works, while maintaining its image as a civilised and reliable evening out.

No opera house has balanced more successfully, and longer, than Glyndebourne. Its popular image is of the Establishment, dressed to the nines, idling away a summer evening sipping champagne, in an idyllic garden setting, with a little thinking about the world in - and all at the company's expense.

From Sir George Christie's point of view he is running the most successful arts festival in the UK, dedicated to the production of intellectually demanding small-scale operas, with a commitment to new and overlooked works and to young and generally little known singers - and receiving no government subsidy.

Sir George inherited Glyndebourne from his father who started the musical evenings in the Sussex house to show off his wife's voice in the early 1920s. He was keen to ensure that Glyndebourne can survive on a firm financial footing for the next 50 years. His appeal has been launched now because Glyndebourne's reputation is at a peak and because the profitability of the festival has ensured companies makes this an ideal time to hit them for a donation.

The appeal will turn his home, which sits on the summit of a hill, into a building site from the autumn of 1992 to the early summer of 1994 when the new Glyndebourne re-opens. The design of architect Michael Hopkins. The basic aim is to make more from the same. Sir George believes that little will be lost and much gained, in particular the revenue from the extra

seats which will ensure Glyndebourne's future. The new auditorium will provide an additional 320 seats - bringing its capacity up to 1,150 - but it will remain intimate.

The repertoire will also stay the same although with Sir Peter Hall relinquishing his role as artistic director at the end of next year there will be a new creative team in place. Sir George thinks that Glyndebourne might present more Handel, more of the Russian repertoire, but the formula will change little.

To pay for his plans Sir George is looking initially towards business. The helicopters in the meadow, the limousines in the drive are silent witness to the fact that a visit to Glyndebourne is the ultimate social outing.

Here is the English tradition yet to be revived by the corporate hospitality companies.

But companies in general do have a substantial foothold at Glyndebourne. A third of the seats are taken up by corporate members, with around 55 per cent of the remainder going to individual members of the Glyndebourne Festival Society and the few left over available to mere mortals.

This balance will remain but Sir George hopes to raise a substantial slice of his £35m by putting the success of the 100 corporate members. They are being asked if they want to re-join this select club for another 20 years after the 1994 re-opening. If they do, and thus acquire the opportunity to buy seats, they will

be expected to make a donation to the appeal - £50,000 for 120 seats in a season, although no more than eight on one night; £50,000 for 80 seats; and £20,000 for 40 seats; they can pay the entrance fee over four years. If all goes according to plan Glyndebourne will have raised £12m towards its target by the end of the year.

So far companies are biting the bullet. By March Glyndebourne was being pledged some £500,000 a week; three quarters of the replies so far received have accepted the offer.

The more companies are biting the bullet, the more Sir George is looking up their minds in the knowledge that there are 350 companies on the waiting list for corporate membership of Glyndebourne. At the traditional drop out rate of one every four years it would take a millennium to fit them all in. The Glyndebourne appeal will improve chances for some, although Sir George will still be exercising firm quality controls. Somehow he has succeeded, largely through the overwhelming presence of the genuine opera lovers, to maintain the integrity of the occasion.

There is another reason why Glyndebourne should move now to consolidate its artistic dominance and its financial independence. Its exclusivity was attracting competitors. Five years ago the Henley Festival was started, an artistic conclusion to a day of rowing races. It took up some of the Glyndebourne waiting list without quite delivering the artistic prestige. And more recently, Compton Verney, after endless talk, ceased being just an idea and turned into a reality - and a potential rival to Glyndebourne.

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thing to happen and Mr Buxton started to organise concerts on the lawn. It rained. A more permanent structure was mooted and eventually the argument in favour of a Midlands Glyndebourne won over enough of the guest and the good at a dinner at Appleby House in 1988.

Merrill Lynch, the American stockbrokers (not members at Glyndebourne) put up the first £100,000, and £500,000 in seed money has been assembled. A former Lord Mayor of London, Sir Kenneth Bradshaw, is guiding the appeal and the Danish architect Henning Larsen has been selected to design an opera house to be built on a 100 acre site across the lake from Compton Verney. The

The appeals have been spurred on by two favourable portents - the growing popularity of opera and an apparent willingness by business to fund the arts, in particular opera

structure will cost £35m but Compton Verney needs at least £10m in an endowment fund to finance its early seasons. As part of its fund raising, Compton Verney will host a gala evening tonight at the house attended by the Prince and Princess of Wales and many potential financial supporters. If all goes well Compton Verney hopes to open in June 1994 (the same time as the new Glyndebourne).

It looks like a bold move. The local council has yet to give planning permission for the 1,200 seater auditorium. It is basically fuelled by Midlands pride, and international corporations are cocking a snook at Glyndebourne and the South. As well as Merrill Lynch, IBM is helping to sponsor concerts - the next is in May - to entertain prospective benefac-

tors who will be rewarded, if Glyndebourne is any precedent, with a stake in an eventual money-spinner - an up market theme park.

The fate of Compton Verney is tied to the state of the UK economy. Changes in the Budget enabling tax concessions of up to £5m to donors to charities - all three institutions have charitable status - might produce the old rich patron but it is corporations that are the initial targets. And, as confidence in the economy wanes, so a willingness, and ability, to support the arts declines.

This is a particular problem for Mr Isaacs who on current plans will be closing the Opera House for three years of long cherished modernisation in 1994 at the same time that Glyndebourne (and Compton Verney) expect to open. Unless he can raise £40m within the next nine months the whole planned £200m re-development scheme, which gives the Opera House the back stage improvements on its current First World War mechanisms which are essential for its survival, will be jettisoned.

Westminster Council has finally approved a re-devised plan, which, by truncating the offices and shops to pay for the modernised Opera House, has doubled the money it must find up front. Now the appeal is going ahead. Mr Isaacs hopes that the seriousness of the Opera House's position will concentrate minds. Given the shortness of time and the huge sums involved he is looking for individual donations in excess of £1m.

"I am categorically determined to do it but I can be no more optimistic than that," says Mr Isaacs. The Government will be asked once more to help ensure the survival of what is a national institution. To twist its arm Mr Isaacs is prepared to promise that if money is forthcoming for this capital project the Government will be able to run down its annual revenue funding. Although every appeal demands a target, and £40m is the best current estimate of the sum Covent Garden needs before it can call in the bulldozers and get started, it is actually going for an unlimited amount. While the cash box is being rattled it is seeking to build up an endowment fund at the same time, conscious that the £100m fund assembled in the imagination of the Metropolitan Opera in New York has smoothed its path towards financial solvency.

These conflicting demands on a static, or shrinking, corporate purse suggest that some current hopes and ambitions will be dashed. Glyndebourne should get safely home, the Government is unlikely to allow Covent Garden to throw over its development plan (to do so would relegate it to second division status among the world's opera houses and almost certainly precipitate the resignation of its general manager, Compton Verney awaits a financial miracle.

But there may be other victims. If companies divert sizeable proportions of their charitable and sponsorship budgets towards these causes it will greatly diminish the pool available for other art forms, which can get by on much more modest sums. Capital projects, however essential, drain resources from the living arts. And there is a certain incongruity in the fact that much of the current excitement surrounding opera comes from the imagination of a generation of young directors like Nick Hytner, Steven Pimlott and David Jones, who trained in the theatre and who use young singers and creative production techniques to produce their trisomes. They are a generation away in the imagination of the opera world that look to £10,000-a-performance stars and costly costumes and props for their effects. They would argue that opera can flourish without the heavy embrace of the money men.

MAN IN THE NEWS

John Selwyn Gummer

Knee deep in a no win situation

By Bridget Bloom



including the slaughter of nearly half of the country's cattle herds. By yesterday, local authorities had ordered beef off the menus of 2,000 schools and traders were nervously awaiting the weekend shopping to discover just how seriously consumers were taking the scare.

Thus it seemed that Mr Gummer's assurances that the risk to humans was very remote, that the Government had taken all necessary action, and that British beef was perfectly safe for consumers to eat, had simply had no effect.

There is an irony here. When he took over last July, in the wake of the salmonella affair, Mr Gummer pronounced himself determined to change the widespread public perception that his ministry was the creature of farmers and food manufacturers necessary for a Cabinet Minister. But the most important reason must be that Mr Gummer is in a real no win situation with BSE. For with so little known about the disease, few facts can be stated

posed Food Safety Bill, due to come into effect this summer, while he pointedly made his deputy, Mr David Maddison, Minister of Food with an enlarged staff.

Critics of the 100-year-old ministry charged that these measures are cosmetic: certainly Mr Gummer is opposed - like Mrs Margaret Thatcher, with whom he is said to be on good terms - to the break up of the ministry and the creation of a separate food agency as called for by the Labour Party.

But his political appreciation of consumers' need for reassurance was genuine enough. So why, in his biggest crisis, has he so far been unable to provide it?

Friend and foe alike charge Mr Gummer - a youthful looking 59 - with lacking the gravitas necessary for a Cabinet Minister. But the most important reason must be that Mr Gummer is in a real no win situation with BSE. For with so little known about the disease, few facts can be stated

with total certainty. What people believe - or fear - thus becomes critical, a perfect recipe for a crisis fuelled by emotion and misinformation.

Mr Gummer has taken the logical course of relying on both ministry and independent scientists: all the measures taken to control the disease and assure public safety have been based on their advice, and provide the basis for his confident assertions.

It may be that Mr Gummer's rather more sober performance in answering questions in the House of Commons on Thursday, together with the decision of the parliamentary select committee on agriculture to hold a special enquiry into BSE will take the heat off. But is there more that Mr Gummer could have done?

Whatever the scientists say, he may be forced into extra measures on BSE. In the longer term he could certainly do more to make his ministry's operations more transparent and its officials more responsive to the concerns of ordi-

nary consumers.


There is still a curious backwater about the ministry, as if it sees itself as a world apart from the political hurly-burly. Its officials still tend to be preoccupied with the minutiae of farmgate prices, and rub shoulders in an excessively cosy fashion with their counterparts in the National Farmers' Union and with the big food manufacturers. Certainly the ministry was very slow to respond to BSE, as it was to the salmonella threat and before that, to the dangers of contamination from the Chernobyl nuclear disaster.

It is true that Mr Gummer's penchant for gimmicks and colourful phrases often does not help his case. There were wince when he told meat traders only two weeks ago that vegetariansism was "highly unnatural". Mr Gummer - a member of the governing Synod of the Church of England - then quoted the scriptures in defence of carnivores. Neither has he endeared himself to vegetarians by his reference to the "fascism of food faddists" - nor to many women by his opposition to outlawing women priests.

On the other hand, Mr Gummer has achieved some notable coups. He introduced a hostile NFU conference last February to a point where the delegates were practically eating out of his hand.

A subtle and well-informed negotiator, he achieved a settlement at the recent EC farm council which few farmers or officials thought possible. And while he may not have persuaded the dairy industry voluntarily to abandon its cartel, that is not for want of outspokenly trying.

Mr Gummer may well be wise in future to temper his tongue, moderate his exuberance and put on a more sober mien. But it is not principally his fault nor even that of his unfortunatist ministry that he has not spread the reassurance about BSE. Given the uncertainties and given popular fears, probably no minister could.



GENERALE

REPORT 1989

The Annual General Meeting held on 16 May 1990 approved the accounts for the 1989 financial year and the payment of a net dividend of BEF 84* on ordinary "paris de reserve" shares, BEF 60* on partly paid up shares and BEF 101* on AFV shares.

Total profit before extraordinary items rose from BEF 18.2 billion in 1988 to BEF 32.5 billion in 1989. Generale accounts for BEF 6.1 billion of this profit after tax.

The Group's net consolidated profit for 1989 stands at BEF 20.1 billion, which includes BEF 3.3 billion due to extraordinary items.

With effect from 1989 the Generale Group's consolidated accounts have been based on European and international accounting principles and audited in accordance with generally accepted standards. The 1989 accounts have been restated according to the same international accounting principles for comparison purposes.

*In 1989 we established a clear objective for the Generale Group: to turn it into a Belgian centre of industrial excellence with a European vocation.

1989 provided us with an opportunity to see how this objective could be translated into reality by motivating and directing people at all levels who are responsible for the Group's development. Our actions, coupled with the favourable economic climate, helped us achieve a consolidated net profit three times greater than the Group's previous performance. Our strategic positioning has begun to affect many of the sectors in which we operate and will enable us to continue our growth and sustain a satisfactory level of profitability, stated Henri de Cammy, Generale's Chief Executive Officer.

Reconciliation of figures after the June 1989 share split (2 old shares exchanged for 3 new ones).

* Figures restated in line with the new consolidation rules.

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PPT

For the next seven days one of the Queen's subjects will be living like royalty in Holyrood House, the royal palace in Edinburgh. Yesterday he inspected the guard and gave a reception for 450 people. Later today he will host a palace garden party. Next week he will, with one ceremony, pay a visit to a prison and, by helicopter, to the RAF air/sea rescue service.

He is Lord Ross, the Queen's Lord High Commissioner, who represents the sovereign at the General Assembly of the Church of Scotland. For the week that the assembly is in session, he ranks immediately below the Queen in the official pecking order in Scotland, and he and his wife are referred to as Their Graces.

Today Lord Ross, who is also Scotland's second most senior judge, attends the opening of the General Assembly on the Mound just below Edinburgh castle. Though he will address the assembly he does not preside over it: the Church of Scotland, the established Church in Scotland, is independent of government, and the detached role of the Lord High Commissioner symbolises it.

That independence, dating back to the Church of Scotland's defence of Charles I, in the 17th century, will once again be in evidence at the General Assembly. For the Church of Scotland is one of the most dogged critics of the Government. The assembly is

Sound of sniping from Scottish pews

James Buxton on the Church of Scotland's concern over the Government's social policies

likely to approve "deliverances" blaming Mrs Thatcher's policies for an increase in poverty in Scotland and expressing scepticism over the workings of the market economy.

It is expected to urge the Government to repeal or amend "those aspects of social legislation which militate against the interests of those who are already disadvantaged: for example the community charge, social fund loans, freezing of child benefit, housing benefit regulations." British Steel's decision this week to close the strip mill at Ravenscraig is also certain to feature.

The current Moderator, the Rev Bill McDonald, comments: "This decision, clearly made on economic grounds, means far more than the loss of a part of a great industrial complex and the loss of very many jobs, tragic though that is. Ravenscraig is a symbol of Scottish pride and identity."

Mr Stewart Lamont, a commentator on religious affairs in Scotland and also a minister, says: "The Church of Scot-

land's committees used to confine themselves to reporting on what was going on. Now they raise direct opposition to government policies."

The General Assembly can be seen as the nearest thing Scotland currently has to a parliament: the 1,284 commissioners (delegates) come from every presbytery (the church's equivalent of dioceses, though the Church of Scotland has no bishops) in Scotland; they are a mixture of ministers and elders, members of congregations who are elevated by a form of ordination to a status below that of minister.

Many of the men who speak for the Church of Scotland are warm figures with a considerable gift for words, such as the Rev Norman Shanks, convener of the Church and nation committee. But somehow the public face of the church leaders is often that of the quiet, deeply conscientious and somewhat austere men from academic posts from among whom the moderator is often chosen.

Of course the assembly is not a democratically elected



Mrs Margaret Thatcher addressing the General Assembly two years ago where she revealed her personal religious creed

parliament. Indeed it would like to see Scotland getting its own devolved parliament and a key member of the Church of Scotland, Canon Kenyon Wright, is a chief figure in the Scottish Constitutional Convention, which is devising a scheme for a Scottish parliament.

Given that the majority of the Scottish population would vote against the Conservatives in a general election it is not surprising that the church often expresses anti-government views. Even so, some members of the church ques-

tion whether it should pronounce on political issues at all, while others think its leadership has been fallen into the hands of socialists.

"I feel the church is swinging more and more to the left," says the Rev Roderick Campbell, a minister in Newton Mearns, a prosperous village outside Glasgow. "There's an edge in a lot of what the Church says which implies that you can't be both a Christian and a Tory."

He believes that socialists have become entrenched in the important church committees,

notably the Church and Nation committee which has a remit to comment on political and social issues. "Ministers should be involved in the politics of the country on a personal level. But it is quite another thing for the church itself to be involved as a church. If the church becomes allied to one political party it becomes hard to communicate with those who do not share its views."

Mr Campbell, who has set up Forum 88, a grouping of Conservative-minded ministers to counter what they see as the leftward drift, says the church should produce constructive reports on social issues that do not automatically follow left-wing orthodoxy.

The Rev James Weatherhead, the Clerk Principal of the Church, puts it differently. He says that the church has the right to examine economic, social and political issues "from a gospel point of view. Mankind being inherently sinful, it is likely that the church will from time to time find things to criticise, whatever the stance of the Government."

Two years ago Mrs Thatcher addressed the General Assembly. She said she was a Christian and that she believed in the Bible.

Others in the church feel it should have exploited the fact that she so openly linked politics and religion.

Mr Lamont believes that the church's political criticism, which he thinks is little different from that of the Church of England, partly reflects the fact that "a lot of ministers coming into the church find a role for themselves in taking a political stance."

He believes that the majority of members of the church are middle class and slightly right of centre, while the leadership is left of centre. Even so, he thinks that because most Scots feel a particular antipathy to Mrs Thatcher, "a lot of people who are not normally pro-Labour would back the church when it criticises her."

bly, revealing her personal religious creed and its justification for a political philosophy favouring wealth generation. The speech continues to be discussed in the Church of Scotland (though it never pronounced on it officially). Many ministers echo the view of the Rev James Whyte, the then moderator, that she stressed the individual at the expense of the community.

Others in the church feel it should have exploited the fact that she so openly linked politics and religion.

Mr Lamont believes that the church's political criticism, which he thinks is little different from that of the Church of England, partly reflects the fact that "a lot of ministers coming into the church find a role for themselves in taking a political stance."

He believes that the majority of members of the church are middle class and slightly right of centre, while the leadership is left of centre. Even so, he thinks that because most Scots feel a particular antipathy to Mrs Thatcher, "a lot of people who are not normally pro-Labour would back the church when it criticises her."

One thing that the church's increasing involvement in political issues is not doing is making it any more popular. The number of registered members is now 804,000 out of a population of 5m, of whom only 57 per cent take communion at least once a year.

When David Guyett, founder and managing director of DG Controls, decided to invest \$500,000 in a new factory, his "worst case" estimate was that interest rates, then at 7½ per cent, would rise to 9 per cent. Three years later Mr Guyett, whose Burton-on-Trent company sells £1m-worth of electronic equipment a year, is paying 17 per cent.

DG Controls is just one of the many small British businesses hit by rising interest rates as the Government attempts to squeeze inflation out of the economy. Small businesses are increasingly wondering whether the hundreds of thousands of businesses which were encouraged to start up and expand during the 1980s will survive through the 1990s.

The higher interest bill has driven DG Controls' plans but the company has been able to maintain its profitability, says Mr Guyett. In contrast, Mary Gentner, founder of Worker's Warehouse, a manufacturer of uniforms, and worst-case, made her six full-time employ-

Small businesses start to feel the heat

Charles Batchelor on the problems posed by high interest rates

ees redundant and is now running her business at a loss.

Like many small businesses Worker's Warehouse is not going spectacularly bust but is attempting to make a quiet exit. The number of small firms which quietly fold means more time monitoring accounts than they did a year ago. "You could talk to a businessman, set an overdraft limit and forget about it for 12 months. Now we spend more time reviewing how they are getting on."

Business failures in London and the south-east rose 17 per cent to 8,135 in 1989 compared with increases of just 3 per cent to 1,435 in the West Midlands and of 8 per cent to 1,961 in the north-east, according to the latest regional statistics from Dun & Bradstreet, the business information group. Nationally, failures rose 10 per cent to 15,183.

The problems in the south-east reflect the rapid rate at which new businesses were set up there in the 1980s. The

three National Westminster Bank branches in Brentwood, Essex, confirms that he and his three deputy managers spend more time monitoring accounts than they did a year ago. "You could talk to a businessman, set an overdraft limit and forget about it for 12 months. Now we spend more time reviewing how they are getting on."

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The problems in the south-east reflect the rapid rate at which new businesses were set up there in the 1980s. The

regional bias towards service industries has also pushed up failure rates. Advertising, media, design and retail companies have featured prominently among the failures handled by Mr Swaden.

High house prices in the south-east prompted many business-owners to borrow large sums to set up in business, whereas more modest house price rises in other regions meant businessmen elsewhere were forced to proceed more slowly.

Small companies do have some advantages in a downturn. When the going gets tough they can frequently react more rapidly to changing conditions than larger corporations. Small business-owners can also cut back on what they take out of the business during a downturn and work longer hours.

But small businesses are

also more vulnerable than their larger counterparts. They have only limited access to equity finance so are more likely to be highly borrowed. They also have more limited management resources, which means managers are usually fully stretched, combining a variety of roles.

While attention has centred on the high level of interest rates as the main reason for failure, a combination of reasons is usually to blame.

Orwell Steel, a steel erector and fabricator based in Leiston, Suffolk, ceased trading earlier this year under the combined impact of a contract dispute with a customer, rising interest rates and the costs of moving to a new factory. Orwell, which had turnover of £1.2m and a workforce of 40, might have coped with any one of these challenges. But the delay in settling its claim

for payment at a time when interest rates rose from 11 to 17 per cent, bumping up mortgage payments on the new factory, proved too much.

Even when there is no dispute over payment many customers regularly delay settling their bills to ease their cash flow. When the customer is a large company and the supplier is a small firm there is little the small man can do to speed up payments. Small firms wait, on average, 75 days for bills to be settled.

On top of escalating interest payments and the burden of late debt settlement has come the revaluation of commercial property in England and Wales and the introduction of the Uniform Business Rate. This is expected to increase pressure on small businesses, particularly retailers, in the south, where revaluations have been highest.

As many as 45,000 businesses face a tripling of their rate demands and may have to close, warns the Forum of Private Business. The rate increases fall hardest on the very smallest companies, with businesses with turnover of up to £50,000 facing an average increase of 31 per cent compared with rises of just 8 per cent for businesses with sales of between £250,000 and £1.5m.

Tim Eggar, small firms minister, has so far refused calls for action, specifically the introduction of a two-tier system of interest rates to allow small firms to borrow money at a fixed rate lower than that applied to consumer spending and to larger companies. A similar scheme in West Germany pumps £4.5bn a year into small businesses.

Small business lobbyists in the UK have also called for government action to allow small firms to impose automatic interest charges on big companies which fail to settle

their bills in time. But Mr Eggar refused to back a private member's bill aimed at introducing an automatic right to interest when it was debated in February.

Small businesspeople are becoming increasingly disillusioned with the Government's refusal to make concessions. "Small businesses have been hit bloody hard," says Mr Jack Parker, who has recently made redundant four of the 21 employees at his label-printing company, Norfolk Labels. "This Government came in to help small businesses but now it's stamping them out."

What rankles is that the Government expects businesspeople to act as unpaid collectors of VAT and, most recently, of their employees' unpaid poll tax bills. At the same time swingeing penalties for incorrect or late tax returns have been introduced.

Few small businesspeople are temperamentally attracted to Labour but there is no doubt the Conservatives are losing ground. "I have been Tory since I can remember but I am thinking seriously about it," says Mrs Gentner.

LETTERS

Votes should count in local polls

From Mr Jeff Rooker MP.
Sir, The continuing discussion in your pages of what really happened at the local elections earlier this month lacks a crucial ingredient - information on votes.

Yes, we know how many councillors were elected and how many seats changed parties, for that is all that counts under our electoral system. The actual votes do not count. In Wandsworth in 1988 Labour polled 1,000 more votes than the Conservatives yet the latter ran the flagship for four years. Solid proof that winning seats counts, winning votes does not.

This must explain why no organisation in the country,

not even the local authorities, has the duty or responsibility to publish and retain local election figures. Trying to find out how many people voted for each party in a local authority is no easy task. Trying to compare with previous results is sometimes impossible when the council does not even keep records. Why should it? It is seats not votes that matter.

From all the hullabaloo about the Ealing Council result - highlighted only because the Labour Leader has his London home there - you would never realise the Conservatives polled 44 per cent and Labour 38 per cent. I would like to see these figures for every local authority. After all the Poll

Tax is levied across the authority not on a ward-by-ward basis. I am told it will take two years - if I am lucky.

In a democracy I should not need to give reasons nor declare any interest for wanting the information, but I gladly do so.

I wish to use the figures to argue that it is how people actually vote as opposed to which side of an electoral ward the latest regional statistics show that should decide how political power is divided up and licensed at election time.

Jeff Rooker, Labour Campaign for Electoral Reform, House of Commons, Westminster, SW1

The saving of Venice

From Mr P.F. Ticher.
Sir, Your depressing report ("Will Expo 2000 be the death of Venice?" Weekend FT May 12) highlights the inability of numerous organisations, from the Italian Government to the Venice in Peril Fund, to really get to grips with the restoration and preservation of that marvellous city.

Is it not time, therefore, to consider establishing an international agency on the lines of the National Trust - an international trust - to take over, co-ordinate and provide the drive for a project of this magnitude and worldwide significance. Once established and successful its operations could be extended to other priceless and timeless treasures such as the pyramids, Easter Island, etc.

The agency which immediately comes to mind as a possible vehicle is Unesco, were it not for the political implications that might develop. However it should not be beyond the wit of people of goodwill to devise a suitable mechanism.

P.F. Ticher, 4 The Cassenway, Sutton, Surrey

No plans for Soviet N-plant

From Mr Anatoly N. Oszerov.
Sir, Reference was made to me by name in the report ("Soviet nuclear plant planned", May 5) and I would like to make some clarifications.

The Soviet Foreign Trade Association, Atomenergoprom, renders technical assistance in the field of atomic power engineering to foreign countries, therefore it cannot plan the construction of a nuclear plant anywhere in the Soviet Union. All matters connected with the development of atomic engineering in the Soviet Union are in the full competence of the Soviet Ministry of Atomic Energy and Industry.

As far as plans to construct a nuclear power plant near the Soviet-Finnish border are concerned, according to the latest information there are no plans to construct any plant in Karelia in the immediate future. Anatoly N. Oszerov, Representative of Atomenergoprom, Helsinki, Finland

The real welfare of South Africa

From Mr N.A. Tomalin.

Sir, In spite of all the evidence that "one man, one vote" is not a sound basis for government in Africa, you persist in putting forward the myth that "genuine democracy must mean majority rule," as indicated in your editorial comment ("The rule of sanctions," May 16).

The information published from time to time in your pages in the last year or so in respect of conditions in most African states shows all too clearly that while the politicians may enjoy the fruits of

one man, one vote, the man-in-the-street in black Africa has little to show in return for the privilege of participating (which means different things in different countries) in an election.

Has it ever occurred to you that Mr de Klerk may have the real welfare of the black and coloured people of South Africa more at heart than do the leaders of black political movements? Whites are not the only minority in that country.

N.A. Tomalin, Highfield, Gussage All Saints, Wimbome, Dorset

Flaw in the childcare debate

From Ms Oriole Goldsmith.

Sir, Your report on the Institute of Directors' ("Pressure for more childcare tax relief," May 16) highlights a key flaw in the current debate on this issue.

"Public debate in the UK has focused on employers' initiatives in the workplace. But in 1988 there were just 50 employer-subsidised schemes, providing 2,000 places. The reality is that, even if this form of provision were to expand dramatically following the recent welcome abolition of tax on workplace nurseries, it can only form one element in ensuring a general improvement in the range and quality of childcare in the UK. Tax relief is one way of helping with childcare expenses, but will benefit only a small number of parents.

Parents and children need choices about childcare. Over-reliance on workplace provi-

sion and shortage of places will limit labour market choices for working parents. Save the Children believes that the example set by our European neighbours of flexible childcare based in the community is the most realistic path forward. Good quality provision should be accessible to working parents in all types of employment: to higher and lower paid, full and part-time.

If the childcare needs of working parents in the 1990s are to be met, a comprehensive national policy on childcare needs to be established. In addition, opportunities for partnerships between local authorities, employers and voluntary agencies must be

Oriole Goldsmith, UK Director, Save the Children, Mary Deicheler House, 17 Grove Lane, SE5

WHO HAS
MADE HOT NEWS IN
DICTATION

ECONOMIC DIARY

TODAY: Mr F.W. de Klerk, President of South Africa, meets Mrs Margaret Thatcher, Prime Minister, in London. Meeting of European Community general affairs council in Paris.

TOMORROW:

National savings results (April). Foreign ministers of Austria, Italy, Hungary, Yugoslavia and Czechoslovakia meet in Vienna. Union of Communication Workers annual conference in Jersey. EETPU annual conference in Blackpool. National Union of Public Employees annual conference in Blackpool.

WEDNESDAY:

London and Scottish banks' monthly statement (April). Provisional estimates of monetary aggregates (April). US budget summit. Start of two-day meeting of European Community agricultural council in Brussels. European Community energy council meets in Brussels. Start of two-day Financial Times conference on "European Transport in the 90s" at Hotel Inter-Continental, London.

THURSDAY:

Finished steel consumption and stock changes (first quarter provisional). Andean summit in Cuzco of leaders from Venezuela, Ecuador, Bolivia, Peru and Colombia. Officials from the Group of 24 Western industrialised countries meet in Brussels to discuss programme of aid for Eastern Europe. NATO defence ministers meet in Brussels. General strike in Greece. Syrian general elections. Monthly results.

FRIDAY:

Building societies monthly figures (April). Engineering sales and orders at current and constant prices (March). Mr Mikhail Gorbachev, Soviet President, holds talks in Moscow with Mr Francois Mitterand, French president.

LONDON TRADED OPTIONS

Turnover in the derivative markets remained high yesterday, as the impact of Thursday's sharp rally continued to ripple through dealing and investment houses.

Trading in equity futures was again the focus of attention, while in the traded options market, the FT-SE Index showed only a slight decline from the previous day's hectic level of activity.

The acute shortage of stock which lay behind Thursday's surge eased slightly. But some market makers continued to purchase Footie futures to cover their books. Institutional investors bought futures.

But the session began with the

futures market at a premium of nearly 80 points, as the previous day's squeeze persisted. The tide turned when institutions started to take profits.

This produced an abrupt change in sentiment in the stock market, with dealers marking prices lower. The futures markets' premium contracted sharply and traded for most of the day 30 points above the cash index.

The June FT-SE closed at 2,295, a loss of 34 points on the day. Its closing premium stood at 28 points, compared with fair value of around 20 points. In the options market, total turnover amounted to 48,445 contracts, compared

with nearly 80,000 the previous day. Yesterday's total was divided between 33,257 calls and 15,188 puts.

The FT-SE Index options turned over 16,122 lots, just below Thursday's turnover, and comprised 8,558 calls and 7,564 puts. The May 2,300 calls series, at 1,888, was the busiest.

Among the stock options, Hanson was the most active, as its shares moved ahead against a falling market in brick trade. A total of 3,158 contracts changed hands, divided between 2,913 calls and 245 puts. The August 240 call series, at 1,442 contracts, proved to be the most popular.

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FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1990. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Friday May 18 1990										Highs and Lows Index																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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Elliott gives up day-to-day control of Elders IXL

Bond Brewing moves towards deal with banking syndicate

The company attributed this partly to foreign exchange

cameras. Sales in this sector rose to ¥101.9bn, up 34.4 per

ary profit from property sales, the company said.

exceeded the price to be paid by AGF.

bergs control many of Sweden's blue-chip companies.

cing a new round of greenmail threats.

fallen by \$248m since 1988, when it reported a \$591m 1988 loss.

Reserve's discount window.

WORLD COMMODITIES PRICES

	SOYABEANS, 5,000 bu m/c, cents/60lb bushel			
	Close	Previous	High/Low	
May	609 1/4	617 1/8	621 1/8	609 1/8
July	620 1/8	631 1/8	633 1/8	620 1/8
Aug	629 1/8	637 1/4	638 1/8	629 1/8
Sept	629 1/8	639 1/8	641 1/8	628 1/4
Nov	639 1/2	649 1/8	648 1/8	634 1/8
Jan	647 1/8	659 1/8	659 1/8	643 1/4
Mar	657 1/4	669 1/2	669 1/8	665 1/4
May	667 1/8	672 1/8	676 1/8	669 1/8

SOYABEAN MEAL 100 tons; \$/ton			
	Close	Previous	High/Low
Domestic	100.00	99.00	99.00-100.00
Export	99.00	98.00	98.00-99.00

May	180.0	170.8	182.9	178.9	172.0
Jun	180.0	181.6	186.8	183.8	177.9
Aug	181.5	183.2	184.3	180.8	180.8
Sep	183.8	185.2	186.5	183.0	183.0
Oct	185.0	187.2	188.2	184.5	184.5
Dec	188.7	191.4	191.0	182.0	187.8
Mar	190.8	192.6	193.0	188.0	190.0
Apr	193.5	196.5	196.8	190.0	192.5
MAIZE 5,000 bu mtr; cental/600-bushel					
	Close		Previous		High/Low
May	253.0	250.6	258.0	259.0	259.0
Jun	262.2	264.6	268.6	269.6	261.4
Sep	275.2	279.0	279.0	279.0	274.4
Oct	282.0	274.2	274.2	274.2	274.2
Nov	276.2	278.4	278.2	278.2	278.6
May	270.0	261.4	261.0	261.0	277.6
Jun	280.0	284.4	284.0	284.0	284.0
WHEAT 5,000 bu mtr; cental/600-bushel					
	Close		Previous		High/Low
May	362.6	364.0	364.0	363.0	363.0
Sep	364.0	364.0	364.0	364.0	365.0
Oct	368.4	367.4	367.4	367.4	368.0
Dec	357.0	356.2	360.4	360.4	355.4
May	362.6	365.2	365.2	365.2	361.0

	Score			
	Live		Dead	
LIVE CATTLE 40,000 lbs. cwt./lb.				
	Close	Previous	High/Low	
Jun	74.32	74.20	74.65	74.00
Jul	73.67	73.80	73.80	73.50
Aug	73.72	73.22	73.80	73.50
Sep	73.85	73.85	73.15	73.62
Oct	73.80	73.57	73.15	73.75
Nov	73.80	73.17	73.70	73.30
Dec	74.00	73.85	74.25	74.00
LIVE HOGS 30,000 lbs. cwt./lb.				
	Close	Previous	High/Low	
Jun	63.82	63.10	65.00	63.00
Jul	64.35	64.42	65.00	64.20
Aug	62.35	62.32	62.90	62.00
Sep	62.35	62.12	62.48	64.86
Oct	65.06	65.00	64.90	65.00
Nov	62.90	62.45	62.80	62.17
Dec	64.67	62.45	64.75	65.10
Jan	61.88	61.55	61.68	61.40
PORK BELT LBS. 40,000 lbs. cwt./lb.				
	Close	Previous	High/Low	
May	65.22	65.22	65.22	67.10
Jun	65.22	65.37	65.37	65.00
Jul	65.42	64.42	65.37	64.62
Aug	65.97	65.68	66.25	65.90

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Lira stays firm in EMS

ATTENTION REMAINED focused on the European Monetary System in quiet foreign exchange trading yesterday. The possibility of sterling's full membership of the Exchange Rate Mechanism was the main point of discussion on Thursday, but yesterday the market was more concerned with the strains on existing ERM members.

The Bank of Italy intervened to buy French francs, D-Marks and European currency units at the Milan fixing as the Italian lira traded at its maximum divergence limit within the EMS. Speculation increased that moves to cut the budget deficit, approved by the Italian cabinet yesterday, could soon lead to a cut in the Bank of Italy's 13% per cent discount rate, in a move to reduce the upward pressure on the lira.

At the other end of the system the weakest placed French franc touched its lowest level of L218.13 against the lira, before closing a little

firmer in London at L218.18, against L218.15 on Thursday. Nevertheless the Bank of France did not appear to be too concerned about the situation. There was no sign of official intervention on the foreign exchange in Paris and the central bank also declined an opportunity to push up interest rates. The Bank of France left its money market intervention rate at 9% per cent and its five to 10-day repo rate at 10% per cent when providing funds for the banking system.

A weak D-Mark is allowing the French authorities to take a relaxed view of the situation. There was little change yesterday, with the franc trading steadily against the West German currency. At the London close the D-Mark had improved to FF3.3705 from FF3.3688 against the franc and to L735.45 from L734.90 in terms of the lira.

Sterling showed very little movement, but maintained a firm undercurrent on speculation

that the UK will become a full member of the EMS. Dealers said the pound's trend appears to be upward at present, although problems could emerge over an appropriate value for the British currency within the system. High London interest rates should keep sterling strong during early ERM membership, but this will cause difficulties if it leads to lower rates before the problem of inflation is solved.

The pound finished in London unchanged at \$1.6905. The pound was also steady at DM2.7850 and at SF2.3750, but rose to FF3.3900 from FF3.3885 and to Y239.50 from Y237.25. Sterling's index gained 0.1 to 82.2.

FINANCIAL FUTURES AND OPTIONS

LIVE LONG GILT FUTURES OPTIONS

Strike	Call	Put	Settlement
82	0.05	0.05	0.05
83	0.05	0.05	0.05
84	0.05	0.05	0.05
85	0.05	0.05	0.05
86	0.05	0.05	0.05
87	0.05	0.05	0.05

LIVE EURO DOLLAR FUTURES OPTIONS

Strike	Call	Put	Settlement
90	0.05	0.05	0.05
91	0.05	0.05	0.05
92	0.05	0.05	0.05
93	0.05	0.05	0.05
94	0.05	0.05	0.05
95	0.05	0.05	0.05

LONDON (Liffe)

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

US TREASURY BILLS

Contract	Open	High	Low	Close
3-Month Treasury Bill	90.25	90.35	90.15	90.25
6-Month Treasury Bill	90.25	90.35	90.15	90.25
9-Month Treasury Bill	90.25	90.35	90.15	90.25
12-Month Treasury Bill	90.25	90.35	90.15	90.25

CHICAGO

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

SWISS FRANC

Contract	Open	High	Low	Close
3-Month Swiss Franc	90.25	90.35	90.15	90.25
6-Month Swiss Franc	90.25	90.35	90.15	90.25
9-Month Swiss Franc	90.25	90.35	90.15	90.25
12-Month Swiss Franc	90.25	90.35	90.15	90.25

PHILADELPHIA

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

3-MONTH EURO DOLLAR

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

LIVE NEW YORK

Contract	Open	High	Low	Close
3-Month Eurodollar	90.25	90.35	90.15	90.25
6-Month Eurodollar	90.25	90.35	90.15	90.25
9-Month Eurodollar	90.25	90.35	90.15	90.25
12-Month Eurodollar	90.25	90.35	90.15	90.25

STERLING INDEX

Contract	Open	High	Low	Close
3-Month Sterling Index	90.25	90.35	90.15	90.25
6-Month Sterling Index	90.25	90.35	90.15	90.25
9-Month Sterling Index	90.25	90.35	90.15	90.25
12-Month Sterling Index	90.25	90.35	90.15	90.25

CURRENCY RATES

Contract	Open	High	Low	Close
3-Month Currency Rate	90.25	90.35	90.15	90.25
6-Month Currency Rate	90.25	90.35	90.15	90.25
9-Month Currency Rate	90.25	90.35	90.15	90.25
12-Month Currency Rate	90.25	90.35	90.15	90.25

CURRENCY MOVEMENTS

Contract	Open	High	Low	Close
3-Month Currency Movement	90.25	90.35	90.15	90.25
6-Month Currency Movement	90.25	90.35	90.15	90.25
9-Month Currency Movement	90.25	90.35	90.15	90.25
12-Month Currency Movement	90.25	90.35	90.15	90.25

OTHER CURRENCIES

Contract	Open	High	Low	Close
3-Month Other Currencies	90.25	90.35	90.15	90.25
6-Month Other Currencies	90.25	90.35	90.15	90.25
9-Month Other Currencies	90.25	90.35	90.15	90.25
12-Month Other Currencies	90.25	90.35	90.15	90.25

FORWARD RATES

Contract	Open	High	Low	Close
3-Month Forward Rate	90.25	90.35	90.15	90.25
6-Month Forward Rate	90.25	90.35	90.15	90.25
9-Month Forward Rate	90.25	90.35	90.15	90.25
12-Month Forward Rate	90.25	90.35	90.15	90.25

MONEY MARKETS

Contract	Open	High	Low	Close
3-Month Money Market	90.25	90.35	90.15	90.25
6-Month Money Market	90.25	90.35	90.15	90.25
9-Month Money Market	90.25	90.35	90.15	90.25
12-Month Money Market	90.25	90.35	90.15	90.25

Flat yield curve

THE YIELD curve on short term interest rates in London was virtually flat yesterday. A rise in bank base rates has been almost ruled out by the money market. Nevertheless, hopes have increased that if sterling joins the Exchange Rate Mechanism of the European Monetary System, it will result in lower interest rates, but this is not seen as a possibility in the near future. The Bank of England sent a clear signal to the market on

Thursday that there will be no early cut in base rates and therefore, dealers are resigned to a further period of stability.

Three-month sterling interbank was unchanged at 15.15 per cent and the same rate applied for fixed periods through to nine months. One-year money fell to 15.14 per cent from 15.15.

Trading was fairly subdued on Liffe, after Thursday's record volume in short sterling futures. September short sterling opened weaker at 85.25, but rose to a high of 85.44, before closing at 85.38 against 85.45 previously.

Credit

LONDON STOCK EXCHANGE

Market relief comes from the Orient

A LARGE Japanese insurance company came to the relief of London's equity market yesterday, buying aggressively across the range of the FT-SE 100 stocks and helping the securities traders to get rid of most of the remaining bear positions which have cost them so dear in recent trading sessions. The stockmarket rounded off a dramatic week with a bewildering performance, an early gain of 37 points turned into a net loss of 16 points by the end of the session. Some of the drama over prospects for full British entry into the European Monetary System faded following a low key speech

from Mr John Major, the UK Chancellor of the Exchequer. Government bonds had an equally volatile day, showing losses of 1/4 in early trading but closing about 1/2 up on the day. The Far Eastern buyer of equities appeared early in London, boosting turnover to unprecedented levels in the first couple

of hours. Sea volume bounced from 80.5m shares at 8.45am to 300m by 10.00am. Once again, excitement was driven from the futures market where the FT-SE 100 contract rose to a 60 point premium soon after the London International Financial Futures Exchange opened for business. However, the equity market peaked before 9.00am. Once the Japanese buyer had withdrawn, the futures premium was reduced and the market-makers had closed bear positions, interest fell off sharply and share prices headed downwards. Gains had disappeared by mid-morning and a weak opening on Wall Street, down

16.20 Dow points in London hours, provided the final blow. The closing reading showed the FT-SE 100 at 2,328.1, a net loss on the day of 15.3 points on total sea volume of 384.8m shares, compared with Thursday's 845.4m. At the day's peak, the Index broke through another significant stage post to top 2,331; that level showed a 93.7 gain since Thursday morning, giving an indication of the strain on some market-making firms. The Footsie Index has risen by 92.5 points over the week and by 102.3 points (or 4.5 per cent) over the past fortnight. Equity strategists were wondering last night whether the

market has established a new base range at Footsie 2,300. However, some chart specialists claimed that yesterday's erratic performance was "a clear sign that this week is not the beginning of a new bull market". The Japanese buying, into the peak of the day, was a surprise, albeit a pleasant one for the London market. However, there have been signs of Far Eastern demand for UK equities this week and Nomura Research Institute, the UK-based arm of the Japanese investment house, has been a notable bull of the London market, predicting a FT-SE of around 2,800 by the year-end.

FINANCIAL TIMES STOCK INDICES

	May 18	May 17	May 16	May 15	May 14	Year Ago	High	Low	Since Consolidation
Government Secs	78.74	78.49	78.91	77.05	78.85	86.70	84.20	74.13	127.4
Fixed Interest	87.27	86.93	86.13	85.13	86.07	87.31	82.91	83.80	105.4
Ordinary Shares	1793.3	1795.7	1799.8	1791.6	1793.5	1897.6	1888.3	1653.6	2008.6
Gold Mines	207.1	217.1	218.0	217.8	224.2	188.8	278.5	207.1	754.7
FT-SE 100 Share	2289.1	2284.4	2221.1	2212.2	2214.5	2204.7	2403.7	2107.4	2463.7
Ord. Div. Yield	5.13	5.12	5.12	5.27	5.25	4.37	5.25	4.37	4.37
Earning Yld % (all)	11.56	11.53	11.83	11.80	11.77	10.93	11.77	10.93	10.93
P/E Ratio (all)	10.46	10.49	10.22	10.24	10.27	11.55	10.27	11.55	11.55
SEAD Bargain 4.45pm	36,128	30,801	24,385	23,680	22,657	45,470	1192.41	730.42	2165.12
Equity Turnover (m)	1192.41	1192.41	730.42	730.42	730.42	2165.12	730.42	2165.12	2165.12
Equity Bargain (m)	30,177	23,616	23,322	21,807	21,807	47,418	21,807	47,418	47,418
Shares Traded (m)	506.6	373.8	311.8	330.1	348.3	506.6	311.8	330.1	348.3
Ordinary Shares Index, Hourly changes	Day's High 1829.9	Day's Low 1792.9							
Open	1800.9	1829.4	1806.4	1798.3	1798.8	1798.3	1800.9	1798.3	1798.3
FT-SE 100, Hourly changes	Day's High 2321.4	Day's Low 2288.6							
Open	2289.1	2321.0	2295.4	2280.1	2270.5	2276.3	2289.1	2276.3	2289.1

GILT EDGED ACTIVITY

	May 17	May 16
Gilt Edged Bargain	118.1	56.5
5-Year average	95.3	95.0

Heavy trades in Asda

Asda closed at its highest level for a week, a heavy 16m share change helped on institutional buying. A late flurry in the traded options market where call buyers emerged encouraged the bulls and Asda closed 4 up at 106p.

A key recommendation from Hoare Govett got Asda off to a strong start. Several large blocks of shares later changed hands and, rather predictably, led to speculation that the Belzberg brothers of Canada were increasing their stake. It recently suggested they had reduced their holding to less than 5 per cent. Earlier in the year, Asda was boosted by trade press reports that linked the Belzbergs to a bid. But most analysts believed a more plausible explanation for the rally was that Asda would be a major beneficiary in the food retailing sector from a reduction in UK interest rates. The stockmarket was buoyed this week on talk of a cut in rates.

Hanson busy

Trading volume in Hanson swelled to 16m shares as traders reported both Japanese buying and a resurgence of speculation that the company moves in France are imminent. Lafarge, the French building materials group, was one of the busiest shares on the Paris Bourse this week, showing a sharp rise at mid-week. No shareholder owns more than 5 per cent of Lafarge, regarded by some UK analysts as a possible Hanson target. Hanson is one of the few companies quoted in London in which the prospect of a large acquisition can underpin the share price, which yesterday rose 3 1/2 to 233 1/2p.

Premier problems

Premier Consolidated Oilfields were given a rough ride in the oil sector after the company revealed it had plunged and abandoned the third well, the Songkha South well, drilled on its concession off the coast of Thailand. The first two wells Premier had drilled were successful and the market had high hopes for more good news from the area. Premier shares retreated sharply to close 7 lower at 85p following the drilling result. One analyst labelled the news "a grave disappointment" by others were by no means disheartened. Mr Alan Sinclair at Smith New Court said that the appraisal well was some 6km

from the original discovery and if successful "would have proved up a big oilfield indeed." He said the fall in share price reflected "irritation rather than selling pressure" and said Premier shares "represented good value, they now discount all the possible bad news from Thailand."

Mr Peter Hitchens at Shearson Lehman took a similar line "The news doesn't detract from the area's potential; we still think Premier could be in at the grass roots stage of a new oil province."

Corder Group, the Winchester-based construction group which specialises in the design, fabrication and erection of steel-framed buildings, shocked the market with the disclosure of its annual profits for the year are likely to be significantly lower than last year, a move which saw the company's shares more than halve at one point.

Corder, which has been as high as 218p this year, nose-dived as the news emerged and touched 275p at one point before steadying and eventually ending a nerve-racking session at 360p - a net loss of 255p. Brokers agreed that little trading had been carried out as the price plummeted. The profits warning, made by Mr Christopher Stewart-Smith, Corder's chairman, stemmed from continuing problems at Corder's Klemets subsidiary which produces curtain wall cladding for large contractors, including one at Broadgate in the City of London. Klemets has encountered production difficulties which meant that the business would produce a loss this year of at least 50p. It was emphasised that the losses associated with the three contracts would be confined to this year.

The takeover stories that have surrounded Klemets had been included in the trading statement included with last month's results is unlikely to be positive; the prospects of

the company's shares on positive territory yesterday despite the sharp reversal in the wider market. At the close BCI were 3 firmer at 229p.

Many of the smaller house-builders drew keen support, most notably Berkeley Group, the Guildford, Surrey, builder whose shares maintained their recent outperformance and put on 3 more to 171p; the company's preliminary figures are expected in June. Other house-builders to move higher included Crest Nicholson, 6 up at 158p and Wilson Bowden, which rose a similar amount to 279p.

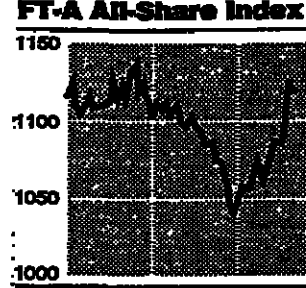
The recent buy recommendations from many brokers continued to sustain Rascal Telecom, which closed a shade firmer at 389p, after 37p.

Sema, the software group, advanced 8 more to 529p with a large buyer of the stock widely said to have been CAP Gemini Societ, the French group, which already speaks for 23 per cent of Sema shares. But specialists said that stakes held by Banque Paribas and its associates, totalling 38 per cent, plus others of around 22 per cent would leave Sema virtually invulnerable to a hostile bid. British Telecom, scheduled to reveal preliminary figures on Thursday - Flemings Baseline is going for profits of 22.68bn against last year's 22.44bn - eased 4 to 276p on turnover of 8.8m.

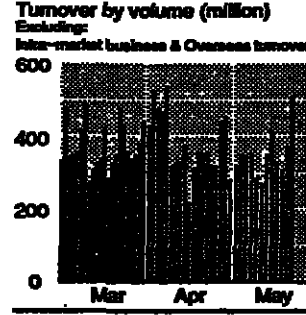
Profit taking after Thursday's run weakened FKI and the shares gave up 2 to 69p, as turnover reached 2.1m, far above the company's record turnover of 21m shares. British Steel followed the market lower, the shares giving up 3 1/2 to 145p, on routine turnover of 5.9m shares. County NatWest is now recommended by analysts as the best value of 21m shares. The trading statement included with last month's results is unlikely to be positive; the prospects of

Taking a three to four month view, Mr Robert Sassoon at County NatWest outlined three reasons for the recommendation. He said: "The trading statement included with last month's results is unlikely to be positive; the prospects of

FT-A All-Share Index



Equity Shares Traded



'high' priced European acquisitions may unsettle the share price and the coming electricity privatisation will divert attention away from British Steel's yield attractions."

Renewed buying interest was noted in Kwik-Fit on speculation that Continental AG, the West German tyre giant which holds a 13 per cent stake, would launch a bid. Earlier in the week, Continental said it would not rule out the possibility of a bid. Kwik-Fit gained another 10 at 89p.

Barrett's, the large specialist chemicals group which surprised the market on Thursday by raising its cash offer to a 144m cash bid, was wanted as investors took a positive view of future growth prospects. The shares rose 13 to 58p.

Barrett and Colman was one of the better performers of the day among FT-SE 100 stocks. The shares rose 37 at one point in what one trader described as "a monster bear squeeze." It held on to 11 of the gain to close at 121p.

BAA continued to attract demand in the wake of recent revelations of the company's property interests. The shares climbed to 411p in early trading and resisted the market's rise at 405p.

Traders said there had been strong Japanese interest in both BAA and British Airways. Turnover in BA stretched to 5.8m shares as the price peaked at 214p. It slipped with the market's retreat to close at 210p, still a net improvement of 4, additionally supported by a profit upgrade from Kleinwort Benson. BA is due to release full-year

figures on May 22. Profit-taking hit Mecca Leisure, down 6 to 76p on turnover of 3m, which would be high under normal circumstances but was low by comparison with the rest of the week dominated by bid speculation.

Third market-quoted Eden Corp Leisure, which operates leisure parks in the UK and Portugal, said it had been approached by a possible buyer. The share climbed 5 to 19p. Television sector upgrades by analysts helped Scottish TV climb 11 to 489p, Thames TV rise 4 to 53p and Anglia TV improve 5 to 233p.

The stores sector, which had benefited in Thursday's rise on hopes that EMS entry would lead to a cut in interest rates, slipped badly yesterday. Kingfisher shed 8 to 301p, GUS "A" lost 28 to 89p and Next gave up 3 to 69p. Even the defensive Woodmead retained its bullish stance and issued a buy note.

A.B. Foods was up 2 at 389p as the market reckoned the recent strong rally in the gilt market would benefit the food company's portfolio. One analyst estimated that A.B. Foods' bid holding stood at "several hundred million pounds." Banks Hovis McDougall gained 7 to 389p, which made it the Footsie stock recording the second largest numerical gain yesterday among FT-SE stocks. Dealers said that it had been technical factors that had

pushed the shares higher. Hillsdown rose 2 to 254p on the expectation that if interest rates were reduced, it would be the main beneficiary in the food manufacturing sector. Iceland Frozen Foods, up 6 at 294p, continued to benefit from the recent upbeat annual meeting statement.

The accolade for the heaviest turnover in the oil and gas sector, traditionally one of the market's big turnover arenas, fell to Ultramar where 11m shares changed hands, the biggest activity in the stock since shareholdings totalling some 23 per cent of the issued capital were sold in the market last year. Ultramar shares dipped 6 to 39p.

The bulk of yesterday's turnover was made up by two single trades, one of 4.4m and another of 4m, believed to have represented some heavy sales by a leading brokerage house thought to be taking a much

TRADING VOLUME IN MAJOR STOCKS

Volume	Value	Price	Change	Volume	Value	Price	Change
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0
Asda	16.0	106.0	+4.0	British Telecom	1.2	171.0	+3.0

Based on trading volume for most Alpha securities dealt through the SEAD system yesterday until 4.30pm.

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday May 17 1990

Agencies	3.20	Engineering/Aerospace	6.80
Advertising & Paper	2.84	Capital Goods	7.14
Food Retailing	1.80	Food Manufacturing	8.25
Food & Drink	1.68	Investment Trusts	8.48
Chemicals	0.77	Telephone Networks	8.80
Composites	1.88	Electricals	8.74
Electronics	2.07	Telecoms	8.76
Stores	3.23	Financial Group	8.50
Investment	4.48	Other Industrial Materials	10.45
Engineering-General	4.78	Insurance	10.28
Other Groups	5.27	Merchant Banks	10.28
21 & 6	5.15	Textiles	11.80
500 Share Index	6.16	Publishing & Printing	12.24
21 & 6	6.16	Motors	12.20
Industrial Group	6.16	Contracting/Construction	12.05
Health & Household Products	6.22	Insurance(Composite)	13.51
Building Materials	6.32	Leisure	15.91
All Share Index	6.83	Overseas Traders	17.70
		Gilt Mines Index	29.78

BENCHMARK GOVERNMENT BONDS

London closing, "Telecoms" New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Coupon	Red	Price	Change	Yield	Week	Month
UK GILTS	10.000	498	50-20	+0.032	12.88	13.25
	10.000	10/08	94-20	+0.032	11.03	11.19
US TREASURY	8.500	02/00	101-01	-0.052	8.72	8.85
	8.500	02/20	97-25	-0.252	8.71	8.77
JAPAN	No 119	4.800	87/288	-0.284	7.08	7.04
	No 2	5.700	80/281	-0.281	6.91	6.85
GERMANY	7.750	02/00	94/000	-0.570	8.85	8.85
FRANCE	8.000	02/00	98/400	-0.332	8.86	8.86
CAT	8.500	02/00	98/500	-0.332	8.86	8.86
CANADA	8.750	05/00	93/500	+0.100	10.83	10.91
NETHERLANDS	7.750	01/00	92/100	-0.310	8.98	8.91
AUSTRALIA	12.000	7/89	91/880	-0.482	13.80	13.44

WEEK IN THE MARKETS

Copper leads metal prices lower

THE COPPER market was the chief loser in a general decline on the London Metal Exchange this week, despite continuing concern about production disruption in Peru, which has led to a 6 per cent of the non-communist world's copper. The start of an indefinite strike in support of pay demands at the state-owned Centromin mining group appeared to be virtually ignored on Monday, when the LME cash copper price fell by 24p a tonne. And confirmation on Tuesday that almost all Centromin's 13,000 workers had downed tools failed to halt the slide, which took the price down another 58p by Wednesday's close. The market then staged a minor rally, based partly on news that workers at Southern Peru Copper Corporation were threatening another stoppage. But after another fall yesterday the cash price ended at 119.50 down on the week at 121.78 a tonne.

Southern Peru, which only recently returned to full production following a 53-day strike, normally accounts for about two-thirds of Peru's copper output, 233,000 tonnes last year. Centromin produces a relatively modest 30,000 tonnes of copper a year but it is the country's biggest zinc producer, with 1989 output of 217,000 tonnes accounting for a third of the national total. Nevertheless the strike prompted only a muted response on the LME zinc market, where the cash quotation fell by a total of 80p a tonne by Wednesday's close. A rally on Thursday proved short-lived and when the three months price failed to regain \$1,700-a-tonne level yesterday the slide was resumed. Cash zinc closed last

night at \$1,712.50 a tonne, down 45p on the day and 125p on the week. The main factor depressing copper was an upsurge in LME warehouse stocks. Rises of 5,650 tonnes and 11,675 tonnes announced on Tuesday and yesterday took the total to a 19-week high of 78,675 as metal was attracted to the exchange by the handsome cash premium, \$78.50 a tonne at yesterday's close.

A minor bullish factor was the announcement by the new management at Codelco of Chile that it had reduced this year's copper production forecast from 1.29m tonnes to 1.19m. But that was counterbalanced by another announcement that the country's 330,000-tonne-a-year Escondida mine project would come on stream in December, 7 1/2 months ahead of schedule. Supply and demand of copper will be almost in balance this year, the International Wrought Copper Council said yesterday after a joint meeting in Lucerne between its members and representatives of copper producing and marketing companies. Output would rise by 3.5 per cent and consumption by 1.5 per cent, it estimated. Assuming that there were no major supply disruptions a modest surplus was likely in 1991, the council added. The lead market was depressed yesterday by the announcement of a 2,950-tonne rise in LME stocks to a 8-month high of 34,625 tonnes (following a 975-tonne reduction in Tuesday's report). The cash price closed at 2494.50 a tonne, down 11p on the day and 22.50 on the week. This was another market which appeared to be oblivious to the Centromin strike, although that company's output of about 70,000 tonnes normally accounts for more than a

third of Peruvian supplies. The biggest LME stocks movement this week, aluminium's aggregate 19,500-tonne jump to a 19-month high of 185,575 tonnes, brought little response and the cash price ended only 18.50 down on the week at \$1,615.50 a tonne. Dealers explained that the International Primary Aluminium Institute's announcement of a 38,000-tonne fall in non-communist world stocks to 8.19m tonnes in the first quarter had steadied the market.

At the London Futures and Options Exchange cocoa prices put in a strong performance in response to continuing tension in the Ivory Coast, the biggest producer. The July position peaked on Wednesday at 5977 a tonne and ended 285 up on the week at 2944 a tonne after a 38,000-tonne fall in non-communist world stocks to 8.19m tonnes in the first quarter had steadied the market. The worries about Ivory Coast supplies also had an impact on the coffee market, where the July futures position touched 2680 a tonne on Wednesday. By yesterday's close, however, the price had subsided to 2641 a tonne, up 27 on the week.

Richard Mooney

Senior US post at NatWest

Mr Colin Hood has been appointed president, director of corporate banking, North America, NATIONAL WESTMINSTER BANK, based in New York. He replaces Mr Peter Duffy who has returned to the UK. Mr Peter Duffy has succeeded Mr Hood as director of corporate banking, global specialised industries.

Two new members have been elected to the management committee of the LONDON BULLION MARKET ASSOCIATION, now entering its third year. They are Mr Dick Gasparian of Mess Westpac and Mr Robert Stein of J Aron and Co (UK). Other members of the committee are: chairman, Mr Robert Gray, N.M. Rothschild and Sons; vice-chairman, Mr Doug Bull, Samuel Montagu; Mr Colin Griffith, Credit Suisse; Mr Martin Stokes, Guaranty Trust; and Mr John Wolff, Rudolf Wolff.

Mr Michael Spence has been appointed regional director, Iberia, for MIDLAND MONTAGU, and chief manager of the Madrid branch.

AMCHEM, Loughborough, has appointed Mr George Bole and Mr Warren Riddell as joint managing directors; Mr David Wilcock as sales and marketing director; Mr Tim Norton as engineering director; and Mr Graham Brown as operations director.

Mr Steve Harris has been appointed managing director

of EVANS HEALTHCARE, a wholly-owned subsidiary of Medeva, and will join the main board later. He was managing director, Genista Europe.

The MMG PATRICOF GROUP has appointed Mr Keith Hearn as managing director of MMG Patricof & Co, the group's investment banking arm. He was a director of Drexel Burnham Lambert Holdings.

Mr Jeffrey William Preston has been appointed deputy director at the OFFICE OF FAIR TRADING from July 9. He will be succeeded as head of economic and industrial affairs at the WELSH OFFICE by Mr John Craig who was principal finance officer. Mr Preston succeeds Mr A.J. Lane who is taking a new post at the department of Trade and Industry.

UNITED ARTISTS PROGRAMMING, a subsidiary of United Artists International, and operator of the Discovery and Bravo cable channels, has appointed Mr Bruce Smith as chief operating officer, based at its UK headquarters in London.

CROWN FINANCIAL MANAGEMENT has appointed Mr Neil Cheetham as marketing actuary from July 16; Mr Ian Blanchard as valuation actuary from June 19; Mr Nigel Balchin as senior pensions actuary; and Mr Peter Wilkes as marketing development director.

J. ELLAM has appointed as a non-executive director Mr Stephen Ingram, chairman of Candlelight Products.

WENTWORTH INTERNATIONAL GROUP has appointed Mr Tim Palmer as group finance director. He

was group finance director of NSM, and succeeds Mr Simon Davies who becomes corporate development director.

WOLSELEY has appointed Mr William Cyril Ferris as a director from July 31. He will become chief executive of the electrical products division, in addition to his current responsibility with the engineering and plastics division.

LORNE STEWART, a BET plant services company, has appointed Mr Bob Hatfield as business development director, and Mr Geoff Sullivan, financial controller, becomes joint company secretary.

NATIONAL & PROVINCIAL BUILDING SOCIETY has appointed Mr Jonathan Gandy (pictured) as head of marketing (insurance and investment business). He was marketing manager at Royal Life.

THE KILROE GROUP has appointed Mr Allan Monk as managing director of Kilroe Building, and a director of Kilroe Enterprises. He was construction and development director of Merit International Properties (U.K.).

Following the merger between CHELTENHAM & GLOUCESTER and Guardian building societies, Mr Peter Carter, former Guardian chief executive, becomes managing director of C&G Guardian, central lending division of C&G, of which he becomes a director. A Guardian non-executive director, Mr Don Turner, joins C&G main board.

Mr Ian G. McNamee has been appointed managing director of REDFON HOLDINGS and of Redfont Ltd. He was sales and marketing director.

STATE BANK OF SOUTH AUSTRALIA has appointed Mr David Coates as head of corporate finance; he was head of asset based finance for Standard Chartered Bank. Mr Neil Martin and Mr Michael Easton have joined the bank as

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Money Market Bank Accounts

WORLD STOCK MARKETS

AMERICA

Dow lower on bonds and foreign weakness

Wall Street

A COMBINATION of softer stock prices overseas and weakness in the Treasury bond market on interest rate concerns sent the equity market lower yesterday morning, writes *James Bush in New York*.

At 2pm, the Dow Jones Industrial Average was quoted 11.87 points lower at 2,520.14 on modest volume of 82m shares. The Dow had closed 12.03 points higher at 2,532.17 on Thursday, a record high.

The Treasury's benchmark long bond was quoted 1/4 point lower at midsession for a yield of 8.67 per cent, after the US Federal Reserve announced matched sales which unexpectedly drained liquidity from the

banking system.

The Fed has made it clear this week that it is not ending monetary policy from the current Fed funds target rate of 8 1/2 per cent, in spite of a renewed campaign for lower interest rates by the Administration.

Yesterday, Mr Robert Black, President of the Federal Reserve Bank of Richmond, said that an inflation rate of 4 per cent to 5 per cent was not tolerable. Mr Black is one of the more hawkish of Fed officials but it is not a voting member of the Federal Open Market Committee.

There is no doubt that the euphoria in the Treasury bond market triggered by April's weak employment data and a fall in producer prices last

month has waned. This may make it extremely difficult for the equity market, which has been following the Treasury bond market closely, to take further headway from this week's record highs.

Next week sees another batch of economic data including April durable goods orders, preliminary first quarter GNP and personal income and consumption figures for last month. The bond market also has to absorb larger than usual sales of two-year and five-year bonds.

Among blue chip issues yesterday, IBM slipped 3/4 to \$115.50, Coca-Cola was down 3/4 to \$42.25, and General Motors edged 1/4 lower to \$49.75. Philip Morris, one of the most actively traded stocks yesterday, fell 3/4 to \$43.75 on profit-taking from Thursday's rally on news of its plans to acquire East Germany's largest tobacco factory.

Prime Motor Inns which added \$1 1/4 to \$13 1/4 which was one of the most actively dealt stocks during the morning session. The stock has been rising recently and yesterday's buying appeared to be on a wave of short-covering.

Home Depot jumped 3/4 to \$35 1/4 to its highest level in a year, continuing Thursday's rally after the brokerage, Prudential Bache Securities, repeated a buy recommendation for the stock to its institutional clients.

In over-the-counter trading, Emcon Associates, a provider of environmental consulting

services, jumped \$1 1/4 to \$17 1/4 after Kilder Peabody raised its rating for the stock.

Microsoft surged \$3 to \$67 1/4 after analysts at Cowen & Co recommended an aggressive purchase programme. In contrast, Apple Computer fell 1/4 to \$40 after Paine Webber downgraded its recommendations for the company.

Canada

TORONTO stocks followed Wall Street lower at midsession. A fall in Canada's consumer price index failed to cheer the market as it was not expected to lead to lower interest rates. The composite index dropped 5.4 to 3,504.0 on volume of 11.81m shares. Declines led advances by 200 to 182.

Wheel of fortune turns full circle for Mexico

Richard Johns reports on a stock market revival

SOARING above the Paseo de la Reforma, the main thoroughfare of central Mexico City, is the futuristic spire of the new Bolsa Mexicana de Valores (BMV).

The shell of the structure has been awaiting completion and active occupancy for the best part of two years. The main tower has seemed a symbol of the stock exchange's aspiration to regain, on a sounder basis, the market heights reached in the speculative ascent preceding the stock market crash of October 1987.

A month ago, the BMV general index reached yet another historic nominal high: last Monday, it broke through the 500,000 level.

In dollar terms, the index had recovered by yesterday to about 90 per cent of the peak it reached on October 5 1987.

Market capitalisation at the end of last week was just over 92,000m pesos, the equivalent of \$33.1bn compared with about \$35bn at the high point before the crash.

The wheel has, in a sense, turned full circle. The 1987 high was attained on the day after Mr Carlos Salinas de Gortari was proclaimed presidential candidate by the ruling Institutional Revolutionary Party (PRI), and the 1988-89 recovery because of the confidence engendered by Mr Salinas and his policies.

Will it last? It can be said that the BMV which, three years ago, was acutely sensitive to market developments elsewhere, was unaffected by the collapse of the Nikkei in Japan and the nervousness of the Dow in New York last autumn.

This year, the FT-Actuaries Mexico index has risen by around 50 per cent in dollar terms, last year, they more than doubled on the same basis.

Improved margins and profit expectations, in spite of a price freeze on most goods, have been bullish factors for the corporate sector.

At the same time, until this year nearly all stocks were trading below net asset value, with the average having attained about 90 per cent of book at the end of 1989. The star performer was the state-

controlled Telefonos de Mexico (Telcel), scheduled for total privatisation.

This year got its initial boost from the demand for *certificados de aporcionamiento* (CAPs), as shares in the state-owned banks amounting to up to 34 per cent of their total equity were called, when they were sold back to the public in 1987.

In 1989 the big three banks Banamex, Bancomer, and Serfin had performed particularly well. They had enjoyed a dramatic easing of obligatory lending requirements, the freedom to advance up to 70 per cent of their funds from March last

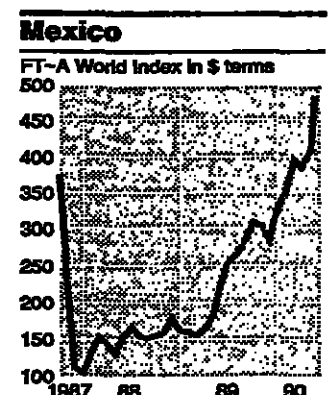
year compared with only 34 per cent in September 1988.

Early this year the big stimulus was the issue of CAPs by Somex and Multibanco Mercantil de Mexico, two of the commercial banks which were not thought fit enough for partial privatisation three years ago.

But it was the top banks in terms of profits, Serfin, Bancomer and Banamex, which recorded the biggest gains.

Apart from the banking sector, strong performers have included Telcel, Cifra (a retailer of goods and services with 170 outlets), Ericsson, which supplies Telcel with equipment, and Alfa, which has concentrated heavily on steel and petrochemicals in reducing its debt.

The other main phenomenon in the equity market has been the entry of foreign capital, encouraged by the establishment late last year of a system allowing foreigners to buy non-voting "neutral" shares. According to the Instituto



FT-A World Index in \$ terms

500 450 400 350 300 250 200 150 100

1987 88 89 90

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del Depósito de Valores, the central depository organisation owned by the brokerage houses, direct investment amounted to the equivalent of \$450m by the start of May.

Banco de Santander of Spain has given Mexico a strong vote of confidence with the purchase of \$100m worth of equities. Indirect investment through the closed-end Mexico Globe Fund established by the broker Inverlat and Rothschilds has reached \$140m.

Hitherto, CAPs have been out of bounds for foreign investors. Until "secondary" legislation has been passed by Congress, following the Chamber of Deputies' approval of privatisation, this will continue to be the case. But investment scope allowed to non-Mexicans has been considerable and far greater than generally appreciated.

Firstly, there has been the Mexico Fund quoted on the New York and London stock exchanges. Secondly, there have been the increasing number of marketable equities quoted on the US NASDAQ system in the form of American Depository Receipts for a handful of Mexican companies — not the least of which is Telcel. Thirdly, foreign participation in mutual stock and fixed interest funds has long been allowed up to 49 per cent of ownership.

International investor confidence is high at the moment. This sentiment persists in spite of worries over an inflation rate officially put at 10.8 per cent for the first four months of 1990, which is far higher than the annualised 23 to 24 per cent calculated officially in April; of concern over a yawning current account deficit; and of worries over labour disaffection.

Former Mexican bank shareholders expropriated in 1982, well compensated and successfully diversified into other financial services, are salvaging at the prospect of regaining their holdings. Legislation for future bank ownership remains to be defined. Meanwhile, the present sector average p/e of about 15 and book/equity value of 1.1 look reassuring compared with 35 and 3.1 respectively before the fall of '87, and "El Crack Bursatil".

Continued on next page

EUROPE

Property transactions enliven Paris trading

FORMER front runners were indecisive or flagging this week, apart from Sweden which rose above a couple of poor corporate performances, writes *Chris Matthews in Paris*.

PARIS saw property stories, and profit-taking before the close of the trading account netted Tuesday. The CAC 40 index lost 3.77 at 2,100, a marginal rise on the week. Volume was around 1.5bn shares.

Midstream was unchanged at FF1,369 after hitting a high of FF1,384, as its announcement that it would make a FF2.2bn net gain on the sale of its property subsidiary EMPG was offset by rumours that the Italian insurer Generali might sell some or part of its 16.37 per cent stake in Midstream.

Paribas fell FF7 to FF964 after reaching FF710 on speculation that it would sell a prime office building in Paris to AGF, the insurance company; the story was confirmed after hours.

Michelin, which came with

poor results earlier in the week, lost FF5.50 to FF128.20. Lafarge, which made hefty gains earlier in the week on rumours that Hanson of the UK would take it over, lost FF4 to FF465 with 246,210 shares traded.

FRANKFURT's indecisiveness continued, as a rise in early trading was reduced to a fraction by the close. The DAX index firmed 2.01 to 1,848.59 after an 11.50 rise to 1,788.15 in the FAZ at midsession.

Volume rose slightly, from DM6.6bn to DM7.3bn. Early bullishness stemmed from the government's sharp upward revision in tax revenue estimates for 1990 and 1991, which led to rest some of the worries that monetary union with East Germany could overstretch the country's financial capacity.

The mood turned in midsession, after the Bundesbank announced a tighter-than-expected policy for the latest federal government bond issue. For the full week, the DAX and

posted losses of 1.7, and 1.1 per cent.

In the banking sector, Commerzbank climbed DM2.50 to DM297 after its chairman indicated a rise in the 1990 dividend. Elsewhere, some stocks, like the construction group Hochtief, regained part of recent losses; others, like Munich R, gave back part of their gains.

MILAN closed higher with demand shifting to the industrial blue-chips from banking and telecommunications stocks. The Comit index rose 2.88 to 724.09, up 3.3 per cent on the week. Generali built on its recent gains to close L310 better at L42,490. Fiat, which has lagged behind the market recently, climbed L105 to L110,390.

The chemical sector was boosted by prospects of a \$1bn acquisition for Enimont, which is expected to be announced on Monday. Enimont moved up L27 to L448 while Montedison added L34 to L1,971 ahead of

announcing its results today.

AMSTERDAM made early gains on hopes that the discount rate would be lower early next week, but it failed to hold on to them. The CBS Tendency index reached 120.3, but the construction group rose 2.1 per cent on the week.

Royal Dutch, ex-dividend of F14.40, closed F15.10 lower at F140.70 as investors switched into the London-listed Shell and Shell Transport. Aegon, which announced first quarter earnings late Thursday, went ex-dividend of F13.55 and closed F124.10. Philips ended 50 cents off at F133.00 but was five per cent above last Friday's level of F131.40.

STOCKHOLM was torn between Thursday's poor quarterly results from Volvo and Elektrokon, and the drop in domestic interest rates. The Aftersvården general index closed 3.5 higher at 1,288.5, up 1.2 per cent on the week.

However, the pharmaceutical company, Astra, had

another good day, posting an SKR21 rise to SKR456 after good first quarter figures late on Wednesday, and several positive analyses.

ZURICH held on to some of its gains yesterday after a week marked by profit-taking, and some good individual performances. The Credit Suisse index rose 2.3 to 625.3, a fraction lower over five days, and Roche beaters had their second good day in a row, up SF125 to SF17,700.

MADRID saw more profit-taking, with the electricity and construction sectors bearing the brunt. The general index ended L10 lower at 283.96 in good volume of around 1.5bn shares. The market was mostly weaker except Banesto which was thought to be supporting its own shares during the placing of its industrial subsidiary, Asturiana de Zinc.

A heavy Plus5, or 5 per cent, rise in the stock market was followed by a sharp drop in the metal prices. The star performer was the state-

controlled Telefonos de Mexico (Telcel), scheduled for total privatisation.

This year got its initial boost from the demand for *certificados de aporcionamiento* (CAPs), as shares in the state-owned banks amounting to up to 34 per cent of their total equity were called, when they were sold back to the public in 1987.

In 1989 the big three banks Banamex, Bancomer, and Serfin had performed particularly well. They had enjoyed a dramatic easing of obligatory lending requirements, the freedom to advance up to 70 per cent of their funds from March last

year compared with only 34 per cent in September 1988.

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Hitherto, CAPs have been out of bounds for foreign investors. Until "secondary" legislation has been passed by Congress, following the Chamber of Deputies' approval of privatisation, this will continue to be the case. But investment scope allowed to non-Mexicans has been considerable and far greater than generally appreciated.

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Continued on next page

ASIA PACIFIC

Nikkei falls as caution takes over

Tokyo

THE MARKET remained locked in a tug-of-war between an urge to take profits and buying interest for incentive-backed issues. Caution had the upper hand by the end of trading, writes *Michiko Nakamoto in Tokyo*.

Early gains were wiped out by the morning close on news of a greater-than-expected rise in money supply growth in April, rekindling fears of higher inflation. Share prices retreated further in later trading with the Nikkei average falling to a low of 31,870.48.

The leading index, however, managed to recover some of its decline and closed with a drop of 47.82 points at 32,032.72, a rise of 1.6 per cent on the week. The intraday high was at 32,203.16. Losers were more than double gainers at 654 to 308 and 164 issues were unchanged. Reflecting the increasingly cautious mood, turnover fell further to 490m shares from 590m on Thursday.

The Topix index of all listed stocks lost 10.97 to 2,288.26 and in London, the ISE/Nikkei 50 index fell 1.79 to 1,776.52.

High technology issues with strong earnings potential were sought after in early trading but quickly fell to profit-taking. Sony fell ¥70 to ¥6,560 while TDK lost ¥60 to ¥6,560.

Suntimatec Electric advanced ¥30 to ¥1,560 on news that it had developed a high tempera-

ture ceramic superconductive coil. Furukawa Electric was another issue to show strength. In this field, rising ¥29 to ¥950.

Honsha Paper, which has gained strongly on rumours that a speculative group was buying into the issue, emerged second on the volumes list with 11.7m shares and a rise of ¥220 to ¥2,580.

But Nippon Mining, which had been bought on speculation of restructuring in the oil industry, fell from favour. It was first in trading volume with 12.7m shares and fell ¥40 to ¥1,030.

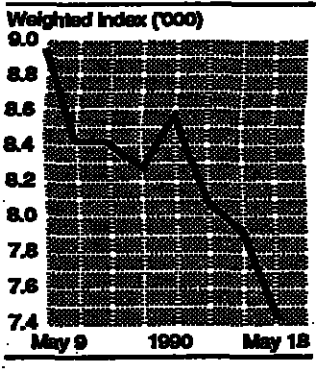
Concern that the market had been overbought kept investors wary in Osaka. The OSE average, however, managed a modest gain of 34.27 which took it to 34,681.95. Trading was lethargic with volume down to 42.9m shares from 53.1m on Thursday.

Roundup

PACIFIC Rim markets gave a mixed performance, with Taiwan and Manila falling heavily on political concerns while New Zealand was buoyed by gains on overseas markets.

TAIWAN fell to its lowest level since April 1989 on political uncertainty and growing fears about capital outflow from the country. The weighted index dropped 510.21, or 6.44 per cent, to 7,416.96, the largest since July 1988. Turnover eased to NT\$2,600m

Taiwan



Weighted Index (000)

May 9 1990 May 18

won from NT\$96.93m.

MANILA fell on nervousness after a grenade attack on a US government library and as talks about the future of US bases in the country stalled. The composite index fell 36.17 to 924.26, down 5.4 per cent on the week.

NEW ZEALAND was buoyed by gains overseas. The Barclays share index jumped 24.20 to 1,768.37, a rise of 3.3 per cent on the week. Turnover rose to 8.2m shares or NZ\$10.1m, from 6.0m shares or NZ\$10.1m.

ELDERA Resources jumped 10 cents to NZ\$1.83 on rumours that Elders IXL of Australia had found a buyer for its 43 per cent stake, believed to be the Malaysian conglomerate Sime Darby.

AUSTRALIA laboured under poor interim results from the banking sector. The All Ordinaries index fell 3.4 to 1,478.1, down 0.4 per cent on the week. Turnover fell to 76m shares or A\$173m from 80m shares or A\$201m. Westpac fell a further 9 cents to A\$4.27 in heavy turnover of 6.5m shares following Thursday's news of poor results and increasing bad debts. Western Mining Corp lost 4 cents to A\$4.36, a two-year low, as brokers downgraded their earnings estimates.

HONG KONG edged higher after three days of losses on hopes that China might allow its leading dissident Fang Lizhi to leave the country. The Hang Seng index rose 8.26 to 2,926.88, down 1.3 per cent on the week. Turnover jumped to HK\$1.29bn from HK\$902m.

SEOUL fell on profit-taking after two days of gains but came off its lows on intervention from institutions. The composite index fell 7.26 to 766.16, up 0.5 per cent on the week. Turnover fell to 155.5m won from 279.5m won.

SINGAPORE was firmer on foreign buying. The Straits Times index rose 23.97 to 1,552.88, up 1.3 per cent on the week. Turnover rose to 1.5bn shares from 1.2bn shares. The Straits Times index rose 23.97 to 1,552.88, up 1.3 per cent on the week. Turnover rose to 1.5bn shares from 1.2bn shares.

KUALA LUMPUR was firmer on bargain-hunting. The composite index rose 6.97 to 582.3, a rise of 1.2 per cent on the week, and turnover improved to 38.5m shares from 28.4m.

Continued on next page

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MAY 17 1990					WEDNESDAY MAY 16 1990					DOLLAR INDEX		
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)	
Figures in parentheses show number of stocks per grouping													
Australia (81)	132.74	-1.2	116.41	115.74	-1.1	6.00	134.32	118.80	117.08	158.31	125.85	135.28	
Austria (19)	262.68	-1.0	221.80	215.69	-1.2	1.25	255.31	225.45	218.22	295.83	193.15	116.91	
Belgium (61)	153.81	+0.0	134.72	128.61	-0.1	4.48	155.59	135.82	128.76	180.02	152.11	130.35	
Canada (120)	282.15	+0.6	119.41	115.75	+0.8	8.46	195.18	119.32	115.07	133.61	130.37	137.43	
Denmark (24)	251.82	+0.6	220.85	215.60	+1.0	1.64	250.38	221.05	213.56	260.82	238.69	174.53	
Finland (28)	141.91	+2.3	124.45	115.95	+2.3	2.36	138.70	122.47	113.39	122.29	129.99	143.90	
France (125)	187.14	+0.6	148.29	141.51	+1.2	2.82	188.16	144.22	144.53	161.69	174.40	170.82	
West Germany (93)	131.47	-1.3	115.71	113.00	-1.1	1.07	133.70	118.05	114.21	137.71	122.05	81.13	
Hong Kong (48)	121.07	-0.9	106.18	121.03	-0.9	5.14	122.11	107.83	122.08	128.90	112.24	188.92	
Ireland (17)	182.84	-0.1	160.44	158.58	+0.2	2.78	183.10	161.88	168.35	198.57	172.72	141.15	
Italy (96)	105.77	+1.0	92.76	85.64	+1.2	2.49	104.73	92.48	94.50	103.77	91.85	70.82	
Japan (264)	162.41	-0.8	138.67	148.58	-0.2	0.28	162.76	135.64	148.96	197.26	124.40	184.10	
Malaysia (33)	222.61	+0.1	195.29	231.23	+0.1	2.33	222.34	192.33	231.03	245.32	204.10	184.10	
Mexico (13)	488.66	+2.4	428.58	500.72	+2.4	0.94	477.33	431.48	447.03	486.86	324.53	330.05	
Netherlands (43)	143.84	-0.2	128.15	125.54	-0.4	14.83	127.00	123.00	123.14	139.43	113.81	130.05	
Norway (17)	55.85	-0.5	58.37	55.37	+0.5	7.83	62.76	55.42	58.05	76.36	56.57	90.19	
Norway (25)	241.20	-0.1	211.53	209.69	-0.0	1.49	241.55	213.29	203.67	245.80	202.34	183.27	
Singapore (25)	198.12	+0.5	174.83	169.67	+0.4	1.83	198.21	175.02	168.25	198.67	179.70	180.17	
South Africa (80)	183.80	+1.2	169.97	187.78	+1.0	3.54	181.85	169.41	171.39	211.39	176.99	176.99	
Spain (42)	183.32	+0.7	143.23	137.44	+0.8	4.17	184.40	145.16	128.15	165.19	132.84	180.38	
Sweden (3)	202.62	+1.8	177.70	160.79	+1.8	2.23	199.51	176.17	177.58	206.95	178.98	155.53	
Switzerland (86)	100.84	+0.5	88.83	87.89	+0.9	2.35	100.45	88.70	87.12	102.05	88.75	69.63	
United Kingdom (305)	155.79	+3.4	138.63	136.63	+2.7	4.87	150.84	133.02	145.02	164.51	136.67	155.02	
USA (837)	143.18	+0.1	125.67	143.18	+0.1	3.40	142.97	128.24	143.67	145.40	128.61	128.61	
Australia (905)	146.51	+1.2	128.18	128.02	+1.1	3.57	144.80	127.50	124.65	146.88	135.67	116.10	
Noradic (119)	199.31	+1.0	174.79	174.29	+1.0	8.88	187.32	174.23	175.03	198.01	161.20	161.20	
Noradic (880)	199.31	+1.0	174.79	174.29	+1.0	8.88	187.32	174.23	175.03	198.01	161.20	161.20	
Europe-Pacific (1647)	149.15	+0.0	130.81	137.41	+0.2	1.94	149.15	131.70	137.01	174.18	130.25	154.01	
North America (655)	142.65	+0.2	125.11	141.36	+0.3	3.40	142.40	125.74	141.12	145.78	131.02	129.98	
Europe Ex. UK (860)	138.49	+0.1	121.45	116.35	+0.1	2.77	138.60	122.39	118.95	138.50	120.59	120.59	
Pacific Ex. Japan (206)	127.43	-0.8	111.76	118.32	-0.8	5.27	128.43	110.41	112.82	130.52	107.24	107.24	
World Ex. Japan (1354)	145.70	+0.1	137.05	137.05	+0.3	2.91	138.28	131.81	136.91	173.77	131.50	153.26	
World Ex. UK (2070)	145.10	-0.3	127.25	139.45	+0.3	2.23	145.48	128.48	139.44	182.00	130.50	143.57	
World Ex. So. Af. (2315)	145.74	+0.1	127.82	139.94	+0.3	2.47	145.84	128.80	138.89	181.84	131.95	143.83	
World Ex. Japan (1921)	144.18	+0.6	126.44	135.45	+0.5	3.53	143.97	129.60	134.78	145.52	134.22	125.02	
The World Index (2375)	148.03	+0.1	128.07	139.14	+0.3	2.48	145.92	128.85	138.78	162.05	125.95	143.77	

INDUSTRIALS (Miscel.)—Contd.

BANKS, HP & LEASING	1999	2000	2001	2002	2003	2004	2005	2006	2007
1000	1001	1002	1003	1004	1005	1006	1007	1008	1009
1010	1011	1012	1013	1014	1015	1016	1017	1018	1019
1020	1021	1022	1023	1024	1025	1026	1027	1028	1029
1030	1031	1032	1033	1034	1035	1036	1037	1038	1039
1040	1041	1042	1043	1044	1045	1046	1047	1048	1049
1050	1051	1052	1053	1054	1055	1056	1057	1058	1059
1060	1061	1062	1063	1064	1065	1066	1067	1068	1069
1070	1071	1072	1073	1074	1075	1076	1077	1078	1079
1080	1081	1082	1083	1084	1085	1086	1087	1088	1089
1090	1091	1092	1093	1094	1095	1096	1097	1098	1099
1100	1101	1102	1103	1104	1105	1106	1107	1108	1109
1110	1111	1112	1113	1114	1115	1116	1117	1118	1119
1120	1121	1122	1123	1124	1125	1126	1127	1128	1129
1130	1131	1132	1133	1134	1135	1136	1137	1138	1139
1140	1141	1142	1143	1144	1145	1146	1147	1148	1149
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1170	1171	1172	1173	1174	1175	1176	1177	1178	1179
1180	1181	1182	1183	1184	1185	1186	1187	1188	1189
1190	1191	1192	1193	1194	1195	1196	1197	1198	1199
1200	1201	1202	1203	1204	1205	1206	1207	1208	1209
1210	1211	1212	1213	1214	1215	1216	1217	1218	1219
1220	1221	1222	1223	1224	1225	1226	1227	1228	1229
1230	1231	1232	1233	1234	1235	1236	1237	1238	1239
1240	1241	1242	1243	1244	1245	1246	1247	1248	1249
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1260	1261	1262	1263	1264	1265	1266	1267	1268	1269
1270	1271	1272	1273	1274	1275	1276	1277	1278	1279
1280	1281	1282	1283	1284	1285	1286	1287	1288	1289
1290	1291	1292	1293	1294	1295	1296	1297	1298	1299
1300	1301	1302	1303	1304	1305	1306	1307	1308	1309
1310	1311	1312	1313	1314	1315	1316	1317	1318	1319
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1370	1371	1372	1373	1374	1375	1376	1377	1378	1379
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1410	1411	1412	1413	1414	1415	1416	1417	1418	1419
1420	1421	1422	1423	1424	1425	1426	1427	1428	1429
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1460	1461	1462	1463	1464	1465	1466	1467	1468	1469
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1490	1491	1492	1493	1494	1495	1496	1497	1498	1499
1500	1501	1502	1503	1504	1505	1506	1507	1508	1509
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1560	1561	1562	1563	1564	1565	1566	1567	1568	1569
1570	1571	1572	1573	1574	1575	1576	1577	1578	1579
1580	1581	1582	1583	1584	1585	1586	1587	1588	1589
1590	1591	1592	1593	1594	1595	1596	1597	1598	1599
1600	1601	1602	1603	1604	1605	1606	1607	1608	1609
1610	1611	1612	1613	1614	1615	1616	1617	1618	1619
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1690	1691	1692	1693	1694	1695	1696	1697	1698	1699
1700	1701	1702	1703	1704	1705	1706	1707	1708	1709
1710	1711	1712	1713	1714	1715	1716	1717	1718	1719
1720	1721	1722	1723	1724	1725	1726	1727	1728	1729
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1740	1741	1742	1743	1744	1745	1746	1747	1748	1749
1750	1751	1752	1753	1754	1755	1756	1757	1758	1759
1760	1761	1762	1763	1764	1765	1766	1767	1768	1769
1770	1771	1772	1773	1774	1775	1776	1777	1778	1779
1780	1781	1782	1783	1784	1785	1786	1787	1788	1789
1790	1791	1792	1793	1794	1795	1796	1797	1798	1799
1800	1801	1802	1803	1804	1805	1806	1807	1808	1809
1810	1811	1812	1813	1814	1815	1816	1817	1818	1819
1820	1821	1822	1823	1824	1825	1826	1827	1828	1829
1830	1831	1832	1833	1834	1835	1836	1837	1838	1839
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1850	1851	1852	1853	1854	1855	1856	1857	1858	1859
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1890	1891	1892	1893	1894	1895	1896	1897	1898	1899
1900	1901	1902	1903	1904	1905	1906	1907	1908	1909
1910	1911	1912	1913	1914	1915	1916	1917	1918	1919
1920	1921	1922	1923	1924	1925	1926	1927	1928	1929
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1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
1950	1951	1952	1953	1954	1955	1956	1957	1958	1959
1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
2030	2031	2032	2033	2034	2035	2036	2037	2038	2039
2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
2050	2051	2052	2053	2054	2055	2056	2057	2058	2059
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2080	2081	2082	2083	2084	2085	2086	2087	2088	2089
2090	2091	2092	2093	2094	2095	2096	2097	2098	2099
2100	2101	2102	2103	2104	2105	2106	2107	2108	2109
2110	2111	2112	2113	2114	2115	2116	2117	2118	2119
2120	2121	2122	2123	2124	2125	2126	2127	2128	2129
2130	2131	2132	2133	2134	2135	2136	2137	2138	2139
2140	2141	2142	2143	2144	2145	2146	2147	2148	2149
2150	2151	2152	2153	2154	2155	2156	2157	2158	2159
2160	2161	2162	2163	2164	2165	2166	2167	2168	2169
2170	2171	2172	2173	2174	2175	2176	2177	2178	2179
2180	2181	2182	2183	2184	2185	2186	2187	2188	2189
2190	2191	2192	2193	2194	2195	2196	2197	2198	2199
2200	2201	2202	2203	2204	2205	2206	2207	2208	2209
2210	2211	2212	2213	2214	2215	2216	2217	2218	2219
2220	2221	2222	2223	2224	2225	2226	2227	2228	2229
2230	2231	2232	2233	2234	2235	2236	2237	2238	2239
2240	2241	2242	2243	2244	2245	2246	2247	2248	2249
2250	2251	2252	2253	2254	2255	2256	2257	2258	2259
2260	2261	2262	2263	2264	2265	2266	2267	2268	2269

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MOTORS, AIRCRAFT, TRADES

Cont'd

Components

Components	
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Profit taking subdues markets surge

By John Authers, Terry Byland and Andrew Marshall

PROFIT TAKING yesterday brought to an end a week of soaring prices on London's financial markets which has left some market makers with large losses.

The FTSE 100 share index closed down 15.3 points on the day at 2,269.1, having been briefly 37 points up by 9am. This left it 93.2 points, or 4.3 per cent, above last week's close. Gilt closed broadly unchanged and sterling eased slightly.

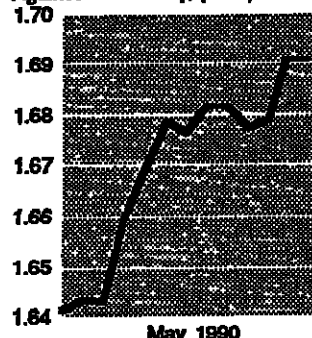
A speech by Mr John Major, the Chancellor, on Thursday night calmed speculation on early entry into the Exchange Rate Mechanism of the European Monetary System.

The week has been very costly for some market makers who have been forced to buy stock to meet selling commitments made on Thursday morning when the market was nearly 100 points lower.

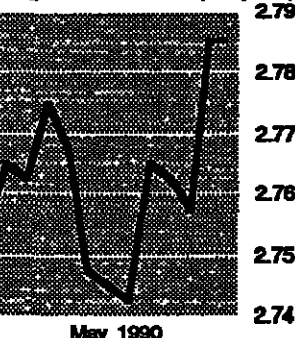
"It was rather like being at the dentist when he's run out

Sterling

Against the Dollar (\$ per £)



Against the D-Mark (DM per £)



of painkillers," said one. However, most bear positions were closed by the end of the day.

On Thursday night, the Bank of England supplied stock to gilt market makers caught short by the sudden rise in UK government bond prices. The shortage of stock in the equity and bond markets

contributed to the size and speed of the rally.

The City also took note of comments by Mrs Thatcher about the possibility of entering the EMS with 6 per cent bands, for at least a transitional period.

The rise in sterling's trade-weighted index from 87.1 at the

end of last week to 88.2 by yesterday's close illustrated the strength of belief that ERM entry would be good for sterling, as well as for interest rates and inflation.

Mr George Magnus of Warburg Securities said: "International money is fearful about sterling, but is even more fearful about not being in sterling once the ERM card has been played. On Thursday we got a taste of what will happen when ERM membership finally happens."

Others questioned the sustainability of the rally. "Unless the Chancellor gives a clear date for UK participation in the EMS, sterling will remain vulnerable to speculation," said Mr Paul Chertkow, chief currency strategist at Citibank.

Improved prospects for interest rates in Germany and the US had contributed to the market's optimism but evidence of the slowing of UK demand con-

tinues to be mixed, said Mr Roger Bootle of Greenwell Morgan.

The week has left UK authorities bemused, but not unhappy. Both the Treasury and the Bank of England favour a stronger pound as part of counter-inflationary policy, and so are pleased with sterling's appreciation.

The Treasury reaffirmed yesterday that no date had been set for ERM entry and no decision made on the bands size.

Mr Major has previously stressed that ERM entry would require "a significantly lower level of inflation." It is believed that this would mean waiting until there was firm evidence of declining inflation in the Retail Prices Index, which would indicate the earliest possible date for entry is probably some months away.

Currencies, Page 11; London Stock Exchange, Pages 12 and 13; World stock markets, Pages 15 and 19

Searching for a trading range

It has been a good couple of weeks for equity markets on both sides of the Atlantic. Last week the Dow Jones Industrial average jumped by 89 points in a single day, and this week it has been hitting new records. In London, the FTSE 100 sent the bears scurrying to unwind their positions when it surprised everyone by leaping by a similar amount on Thursday. Meanwhile, the eight of Japanese investors continuing to pay sky-high prices at this week's New York art auctions is a further reminder that there is still plenty of money around to bid up asset prices.

Talk of a serious global credit crunch is overdue, which should be good news for equities, if not for bonds.

Nevertheless, it has been the recovery in the global bond markets over the last few weeks which holds the key to the equity markets' recent performance. Long-term gilt yields have fallen by more than 100 basis points since the FTSE 100 was testing the 2100 level three weeks ago. The financial markets' renewed confidence that short-term interest rates in the US and the UK are not going to be raised may be misplaced, but it has certainly boosted sentiment.

If the UK really can muddle through without a recession, then domestic equities are not particularly expensive. At least UK corporate profits are still rising, helped no doubt by the high overseas content, whereas they have been falling for several quarters in the US. Historic multiples of less than 11 times earnings for UK industrial companies look cheap by comparison with 15½ times for the S & P Industrials, and the traditional 200 to 300 point gap between the Dow and the FTSE is roughly twice as large as normal.

The longer term consequences of entry into the European exchange rate mechanism are far from bullish for equities and the recovery in the gilt market could easily be upset by another bout of inflationary worries. The best bet is that the FTSE is re-establishing itself in a 2150 to 2300 trading range.

Globe

The battle for control of the Globe Investment Trust was always going to be about price. It may be said that an old established institution, which had become increasingly popular with small investors, was on the auction block.

But at the end of the day its fate will be decided by perhaps

FT index fell 2.4 to 1,783.3

Stock markets

Dividend yield (%)



0 1 2 3 4 5

policy, and the demographics of its work-force.

This is not simple. Rule-of-thumb thinking suggests that if a company's retiring age drops by one year, there will be an associated increase of between 4 to 5 per cent in its pension scheme's liabilities. So if the Luxembourg ruling meant that male retiring ages dropped from 65 to 60 across the board, British industry's rich pension fund surpluses would evaporate. Under SSAP 24, that would instantly hit earnings per share.

But the actual position is much more complex. Many blue-chips, like Grand Metropolitan, saw the way things were going and in the late 1980s equalised male and female retirement ages for new and existing employees. Barclays Bank adopted a mixed leaving age of 60 for new employees as far back as 1972. Where problems may arise is with the 56 per cent of companies which have done nothing about equalisation, according to a National Association of Pension Funds survey. It will be up to investors and analysts to find out which companies could be adversely affected, by asking managements some astute questions.

German bonds

After six months of talk about the financial consequences of putting the two Germanys back together, the markets are finally seeing some action. Yesterday's 10-year West German government bond issue was no anti-climax. Not since 1982, when its public finances were in crisis and the budget deficit was apparently out of control, has the state had to issue a bond with a coupon as high as yesterday's 8.75 per cent. The implications of this are not pleasant for most West German politicians, not to mention British ones.

At present, West Germany's DM30bn expected public deficit for 1990 is only about 1.5 per cent of GNP, a far cry from 1982 levels; and even in 1991, the figure may be no more than 3 per cent at most. By rights, then, at 8.75 per cent the Bund Government is paying too much for its money. Paradoxically enough, one of the best ways to get out of this bind would be for the Bundesbank to raise interest rates again, as soon after German monetary union, as possible. That would be no bad thing, as a way of reassuring foreign investors about the Bundesbank's control of financial events.

Pension funds

The European Court has spoken, on the ticklish subject of equalising retirement ages for men and women. Investors in UK company shares had better listen. Full implementation in 1989 of SSAP 24, the accounting standard for pension costs, should have alerted them to the way large pension fund surpluses could boost reported earnings per share. Thursday's ruling from Luxembourg, insisting that male employees are entitled to get their full pension at the same age as female adds weight to the argument that analysts and investors should look much more closely at the way a quoted company's earning power depends on its pensions

Credit agencies plan approach to Russia over payment delays

By Peter Montagnon, World Trade Editor

EXPORT credit agencies from over 30 countries are considering a formal approach to the Soviet authorities about ways of dealing with that country's growing import payment delays.

The decision - due at the end of the month - would mark the first concerted Western effort to tackle the delays. These surfaced late last year and, bankers say, they are now starting to assume serious proportions.

The approach would be made through the Berne Union, which comprises around 40 export credit insurance concerns in over 30 countries. Its current president is Mr Malcolm Stephens, chief executive of the Government Export Credits Guarantee Department.

Using the Berne Union to deal with the problem would be less politically sensitive than a government to government approach, according to officials from member institutions.

Early discussions within the Berne Union suggested that it could play a role, both in seeking a solution to the growing problem of payment delays and in trying to assess with the Soviet Union the value of the payment guarantees being offered by that country's newly decentralised foreign trade organisations.

A meeting of the Berne Union at the end of the month is to decide whether to follow up on this idea, and, if so, exactly what form of contact should be sought with the Soviet authorities.

Though the size of Soviet payments arrears is hard to quantify, bankers say the problem has recently become worse.

It is no longer thought of simply as an administrative problem, but as part of a squeeze facing the country as a result of mounting imports in the wake of economic and political reform as well as unpaid bills by developing countries which had benefited from Soviet credit.

The Soviet Union still has ample access to Western loans, but it is thought reluctant to borrow because of fears it would have to pay high rates, exposing the extent to which its credit rating has deteriorated. Bankers in Moscow said earlier this week that the country could be forced to reschedule its trade payments soon.

Given the poor payments record of some of the newly autonomous Soviet trade organisations, export credit agencies are particularly anxious to find a way of ensuring that any payment guarantees they obtain from Moscow will be respected.

Atlantic Computers letter attacks B&C over reports

By David Owen

A **LETTER** sent from the Staines headquarters of Atlantic Computers to the BBC makes the company's attack on British & Commonwealth Holdings, the collapsed computer leasing company's stricken parent.

The document, drafted by unnamed members of Atlantic's corporate management, complained about "apparent bias" in recent media reports. It maintained that information which "appears to have originated from B&C" had been reported in a way that presented "an incomplete and often inaccurate and one-sided version of events."

The letter also sought to demonstrate that B&C was not in financial difficulties in 1988. It is certain to aggravate the dispute over the financial services group was first made aware of the full extent of its subsidiary's difficulties.

The letter addressed to "The

City Editor" and sent originally to the BBC makes the company's attack on British & Commonwealth Holdings, the collapsed computer leasing company's stricken parent.

"Press statements re widespread fraud are hindering the realisation of the full value of the assets and/or businesses of Atlantic by creating the impression of a state of total disorder and dishonesty prevalent in the company."

"The vast majority of such items now being made public were detected by Atlantic's own staff... and were being assessed by Atlantic's senior management and by directors appointed by B&C and by B&C itself, for many months prior to the administration order being granted."

"Atlantic notified three B&C Executive Directors on 20th April 1989 that preliminary indications suggested the maximum theoretical exposure on walk options in the UK was in the order of £160m."

"On 27th March 1990, the B&C Chief Operating Officer and the B&C Group Treasurer wrote to Atlantic to confirm we are prepared to provide an overdraft of up to £80m."

In reiterating its previous position that the "full enormity of Atlantic's position was not light last month, B&C sought to discredit the letter by pointing to a 'mistake' in the draft document's first paragraph."

This was a reference to the Atlantic managers' assertion that their statement "is issued with the consent of the administrators of Atlantic Computers plc."

Price Waterhouse, the administrators in question, later denied this, saying that "a letter, purportedly written by B&C, was used by the Corporate Management" was not issued with the consent of the administrators as was stated in its first paragraph."

Ravenscraig fuels Tory debate

By Ralph Atkins

THE FUROR surrounding Mr Malcolm Rifkind, Scottish Secretary, and the threatened closure of the Ravenscraig steel mill spread further yesterday as widespread differences emerged within the Conservative Party.

Ministers rebuffed accusations that, by declaring British Steel's announcement, Mr Rifkind had isolated himself from other free-market colleagues in the Cabinet.

But his interventionist stance has led to an internal debate among Tories about the role of the Government in the steel industry. Labour has sought to exploit what it sees as fundamental differences between Mr Rifkind and Mr Nicholas Ridley, Trade and Industry secretary.

On the same BBC programme, Sir Nigel Miller, Conservative MP for Bromsgrove,

the support I have had, in particular from the Prime Minister, on this matter."

Speaking on BBC Radio he dismissed charges he had been disowned by Sir Geoffrey Howe in the Commons earlier this week. "What Sir Geoffrey said was that there can be no question of the Government forcing a company to change its mind and that is quite true."

His comments, however, have frayed nerves within the party, with the row being exacerbated by the Conservatives' poor standing in Scottish opinion polls. Labour has sought to exploit what it sees as fundamental differences between Mr Rifkind and Mr Nicholas Ridley, Trade and Industry secretary.

On the same BBC programme, Sir Nigel Miller, Conservative MP for Bromsgrove,

attacked those attaching special "emotional" significance to the Ravenscraig plant. "I thought we had got out of the stage where politicians ran industries and decided what was good and what was bad," he said.

Mr Nick Budgen, Conservative MP for Wolverhampton South West, described Mr Rifkind's statement as merely "gesture politics for the punters", saying he did not believe Mr Rifkind was going to intervene with British Steel.

In contrast, Mr Allick Buchanan-Smith, Tory MP for the Scottish seat of Kincardine and Deeside, said the threat to Ravenscraig was a "special matter".

"If this plant is closed it is likely to mean eventually the closure of the steel industry in Scotland," he said.

Siemens in talks on chip-making links

By Guy de Jonquieres, International Business Editor

SIEMENS OF West Germany and the Italian-French SGS Thomson (ST) group, two of Europe's largest semiconductor makers, are discussing plans for closer collaboration which could involve merging their microchip businesses.

The talks, which began earlier this year, were triggered by the companies' desire to expand in the fiercely competitive market for D-Rams, the most widely-used type of microchip, and to share rapidly rising production costs.

It is still uncertain whether the proposed alliance would be confined initially to D-Rams, or whether the companies will proceed with a full merger of their microchip activities.

A merger would create Europe's largest semiconductor group with sales of about \$2.5bn a year and roughly 4 per cent of the world market. However, it would still rank only sixth among the world's chip-makers, with half the annual sales of both NEC and Toshiba of Japan, the industry leaders.

Siemens and ST are understood to be aiming for an agreement by next month to set up a joint company. It would be owned 50 per cent by Siemens and 25 per cent each by ST's two shareholders, the French state-controlled Thomson group and IRI, the Italian state holding company.

If the project goes ahead, it

might eventually expand to cover the semiconductor operations of Philips, the Dutch electronics company and Europe's only other large chipmaker. Philips' electronic components business lost £125m (\$402m) last year.

Although the Dutch company is understood to have been involved in the talks, it is preoccupied with sorting out financial difficulties which recently precipitated the early retirement of Mr Cor van der Kragt, its president.

Siemens, Europe's only D-Ram manufacturer, is thought to have grown concerned at the investments needed to mass-produce the chips. It estimates it will cost more than \$1bn to build a plant to make the next generation of D-Rams.

ST, which made a small profit last year, has said it wants to enter the D-Ram business in collaboration with another company. However, ST says it is still considering several prospective partners, and that talk of a full merger with Siemens is "pure speculation."

Siemens and ST are partners with Philips in the Joint European Semiconductor Silicon (JESS) programme, a project to develop advanced microchip technologies. Siemens has also agreed with IBM of the US on joint development of 64 megabit memories.

Spending

Continued from Page 1
Although final decisions are likely to depend on the result of the 2 plus 4 negotiations on Germany and the conventional arms talks in Vienna.

Proposals for cutting British forces are seen as due to be ready in the summer. They would be part of a Nato platform for follow-on negotiations on force levels in the central European region, which could take place immediately after a Vienna treaty is signed.

Wide divergences on the scope for savings are emerging within the Ministry, with Mr Alan Clark, Minister for Defence Procurement, believed to have favoured deep cuts.

Options under study include Labour's proposal to cancel the last of the series of four Trident ballistic-missile submarines to save an estimated £500m, although some officials argue it would not leave enough margin to ensure that the UK had at least one nuclear submarine on patrol at any time.

Among the other possibilities being studied is abandonment of plans to produce the £22bn four-nation European Fighter Aircraft if West Germany leaves the project.

Although both the Navy and the RAF anticipate some cuts, military experts expect reductions to focus primarily on armoured units of the Army.

The studies, which the ministry insists on not calling a defence review, are being co-ordinated by Mr Richard Mottram, deputy Under-Secretary for policy at the MoD.

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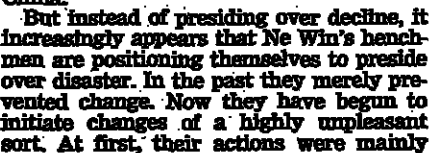

WORLDWIDE WEATHER

City	Temp	Wind	Cloud	City	Temp	Wind	Cloud	City	Temp	Wind	Cloud	City	Temp	Wind	Cloud
Abuja	23	12	10	Madrid	21	12	10	Prague	21	12	10	Stockholm	21	12	10
Algiers	23	12	10	Moscow	21	12	10	Stuttgart	21	12	10	Toronto	21	12	10
Amman	23	12	10	Nairobi	21	12	10	Vienna	21	12	10	Washington	21	12	10
Antwerp	23	12	10	Rangoon	21	12	10	Zurich	21	12	10				
Athens	23	12	10	Reykjavik	21	12	10								
Bahia	23	12	10	Sao Paulo	21	12	10								
Bangkok	23	12	10	Singapore	21	12	10								
Bombay	23	12	10	Taipei	21	12	10								
Buenos Aires	23	12	10	Tokyo	21	12	10								
Calcutta	23	12	10	Ulaanbaatar	21	12	10								
Cairo	23	12	10	Vancouver	21	12	10								
Cardiff	23	12	10	Wellington	21	12	10								
Chennai	23	12	10	Yokohama	21	12	10								
Colombo	23	12	10												
Copenhagen	23	12	10												
Dhaka	23	12	10												
Dublin	23	12	10												
Edinburgh	23	12	10												
Hankow	23	12	10												
Hong Kong	23	12	10												
Kobe	23	12	10												
London	23	12	10												
Los Angeles	23	12	10												
Lyons	23	12	10												
Manila	23	12	10												
Mexico City	23	12	10												
Mumbai	23	12	10												
Nairobi	23	12	10												
Rangoon	23	12	10												
Reykjavik	23	12	10												
Sao Paulo	23	12	10												
Singapore	23	12	10												
Taipei	23	12	10												
Tokyo	23	12	10												
Ulaanbaatar	23	12	10												
Vancouver	23	12	10												
Wellington	23	12	10												
Yokohama	23	12	10												

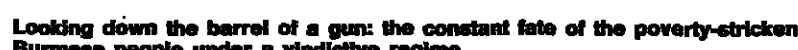
Burma's anti-intellectual regime has subjected the country to years of suffering. Roger Matthews reports

This misery has only deepened since the 40m people of Burma decided two years ago that they could tolerate it no more. As a final mockery of liberal opinion, the

From 1962 when General Ne Win over-



Obviously, therefore, the May 27 elections will not produce a government which has broadly-based popular support - a key condition set by Japan, by far Burma's largest aid donor, for resuming its \$250m a year programme. Work has restarted on seven of the 18 projects with which Japan was involved prior to September 1988, but



A challenge might, just still explode again from within Burma. But it would be at enormous cost. As the Burmese people may well have concluded, opponents of Storc have little reason to expect much support, other than occasional verbal encouragement, from the outside world. Pity poor Burma.

Vintage times for the golden oldies

whole has some £260m of bank and building society deposits. Roughly speaking, and subject to the danger that the first man to jump out of the boat is Peter's loss is Paul's gain. What counts, however is that they are very different people.

About 85 per cent of total mortgage lending is by building societies, between 25 and 55, but these groups only account for

It was all so different back in the days of the great yuppie boom. Two years ago, for instance, the average net worth of a top 100 society investments was 61 per cent, compared with 10 per cent today. The housing market's price spiral was reaching its peak. The average age group of the younger age groups was at an all-time high as buoyant

pay increases were topped up by the cash generated from deals in the property market (equity release, as the Bank of England likes to call it, when bigger loans are secured on appreciating housing assets).

I see that the latest Bank of England Quarterly Bulletin has done some calculations on

This week Sock Shop, fighting for survival, was awarded another three months' protection from its creditors. You never know, if it can hold out a little longer those callow spenders just might return.

Knight

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MARKETS

LONDON

Mad bull disease hits City

FINANCE & THE FAMILY: THIS WEEK

How high-rate taxpayers can beat inflation

The high interest rates on offer at banks and building societies may look attractive, but once you have taken account of inflation at 9.4 per cent and income tax at 40 per cent, you may find the figures less appealing. Sara Edwards reports on how high-rate taxpayers can stay ahead in the numbers game. Page 111.

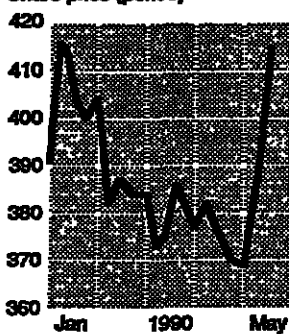
Cash — don't leave home without it

Despite the advances in electronic banking and credit facilities, it still pays to ensure that you have some stop-gap way of obtaining money while on holiday, says David Barchard. Page V.

■ BRIEFCASE: Who owns a property? — Page V

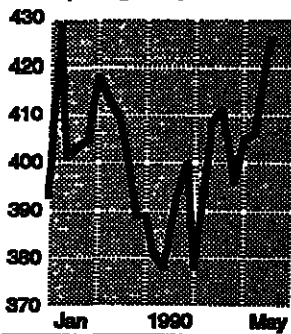
Whitbread

Share price (pence)



Polly Peck

Share price (pence)



Brewers ride high on the back of good results

The start of the brewery sector results season this week coincided with the sector index reaching an all-time high on Tuesday. Analysts were not disappointed with the figures when they came. Grand Metropolitan, Whitbread and Allied Lyons showed that there is plenty of scope to show real growth in a mature industry. Each participated happily in the market's sharp rise on Thursday, although GrandMet was briefly held back by fears that "mad cow" disease might hit the Burger King chain. However it was quickly pointed out that Burger King's sales are concentrated in the US where the disease is, as yet, unknown. Whitbread has been additionally helped in recent weeks by hopes that the European Commission may encourage the enfranchisement of the widely held restricted-voting shares. Daniel Green

Polly Peck advances to record

The share price of Polly Peck, the fruit and electronics group, rose to an all-time high this week on institutional buying after Sansul, its Japanese consumer electronics division, advanced strongly on the Tokyo Stock Exchange. The previous high of 418p, established in January this year, was breached and on Friday it was trading at 427p. The rally in Tokyo fed into speculation in London that Polly Peck will make a positive statement at its annual general meeting on Tuesday and could announce a restructuring of its electronics interests, including Sansul. The recent sale and leaseback deal of nine of its ships, where Polly Peck received more than the market expected, also contributed to the advance. Jim McCallum

Manx compensation deal

The Isle of Man Government is to pay compensation to depositors in the failed Savings and Investment Bank, it was announced this week. Mr Walker, the island's Chief Minister, told the Tynwald (Parliament) that he would put forward proposals for ex gratia payments, giving preference to small depositors. Details are expected next month. The bank collapsed in June 1982 with debts of £42.8m owing to more than 3,000 depositors, many of whom lost their life savings. However, Walker made it clear this week that depositors could not expect full restitution of their losses from the Manx authorities. Instead, the scheme would balance "the interests of depositors and the interests of the island's tax payers." Peter Garland

New mortgage offer launched

National & Provincial building society has launched a flexible options mortgage package for first time buyers, available on mortgages of up to 95 per cent of purchase price. Three per cent of gross monthly interest can be deferred over the first two years. Repayment mortgages can be spread over 35 years and endowment mortgages over 25 years (depending on age) to ease the burden. Those intending to use this mortgage should note however that the unpaid interest deferred will have to be repaid at the end of the fourth and sixth years of the mortgage. In addition, early redemption penalties of up to 90 days interest can be charged if the mortgage is paid off before the end of the seventh year. David Barchard

FT unit trust prices

Readers looking up their unit trust prices this weekend may be slightly baffled. The four pages previously devoted to the FT Unit Trust Information Service have been renamed and given a new look. They are now called the FT Managed Funds Service. The Authorised Unit Trusts section remains the same, but the offshore and insurance funds sections have been re-arranged in a more logical sequence to reflect changes in the industry. Offshore funds are now grouped together for individual countries under two headings: those that have been officially recognised by the Savings and Investments Board (SIB) and can therefore be sold freely in Britain; and those that are regulated by their domestic regulatory organisation, which is specified in the accompanying notes. In addition offshore insurance funds now appear directly after the insurance section, listing UK funds. J E

MAD COW disease in the City. The symptoms are all too obvious, but is it yet time to call the vet?

After the FT-SE 100 Index leapt 63.3 points on Thursday there were many who believed the whole sponge-soaked head of market-makers and institutional investors should be put down immediately.

Small shareholders may be among the advocates of humane destruction, for it is difficult to know what to make of a market which is capable of stampeding as much as 7 per cent higher in a week. Footsie eventually closed up 83.2 points on last Friday at 2,693.1. Securities houses were punished for a shortage of stock on Thursday, as pressure on Footsie futures overflew into the main market. They reportedly suffered losses when market-makers were forced into trading competition with institutions. Computer trading at least prevented a technical squeeze turning into physical assault had market-makers come face

to face with frustrated dealers the story might have been somewhat different.

There have been some reasons for mild optimism this week. They do not justify rank hysteria, but provide at least a scaffolding of support for the shaky edifice thrown up on Thursday.

Footsie has been encouraged by the performance of global markets, in particular Wall Street, and a strong recovery in the price of long-dated Government bonds since the end of last month.

UK equities have been lagging New York for most of the year, so the Dow Jones Industrial Average's firm gains this week, reaching a new record on Thursday, made investors feel this was the moment for London to try to catch up.

That boosted Monday's market, which rose nearly 39 points on the day. In fact, investors were still banking in the glow of last week's better-than-expected inflation figures, and the previous week's political good news.

Whereas the sophisticated

market responded to the "thank God it wasn't worse" criterion for investment last week, this week it seemed to operate on the conviction that equities were invulnerable.

Thus the less obvious inflationary portents contained in Monday's higher retail sales and output prices for April were ignored, while Thursday's higher unemployment figures for last month helped fuel the spending spree.

It was the first increase in the unemployment total for nearly four years. That may not sound like good news, but through rose-tinted spectacles it suggests the economy is slowing, and could also strengthen management's hand in important pay talks, such as the ICI negotiations manual workers, who have submitted a 14 per cent claim, rejected a 9.4 per cent offer on Tuesday.

Renewed optimism on the possibility of full British entry into the exchange rate mechanism of the European Monetary System was the main trigger for Thursday's rally in the

gilt market and the headlong scramble for equities.

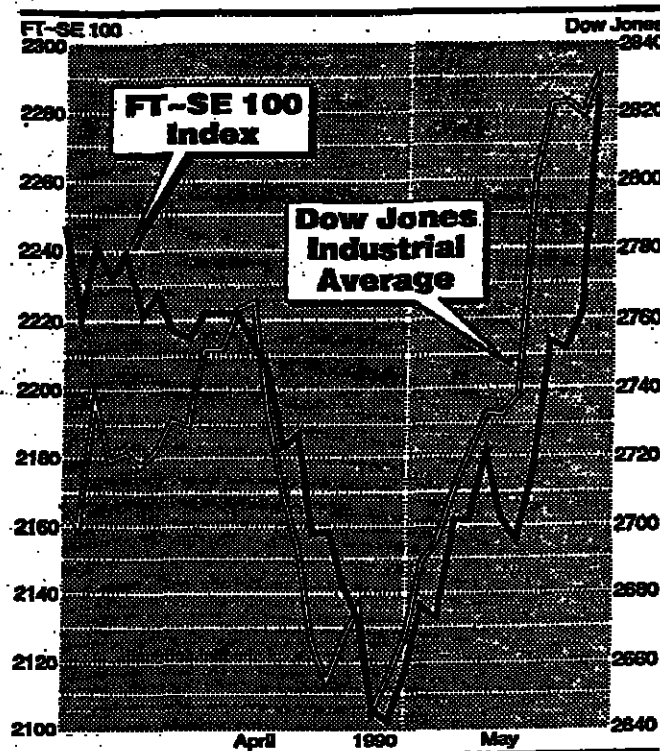
Of all this week's reasons to buy shares, this was probably the flimsiest. It is beginning to look as though some investors believe the sheer quantity of comments on the subject, whether they add to the sum of knowledge or not, will be enough to accelerate EMS entry.

A cursory reading of the Wall Street Journal interview with John Major on Thursday morning convinced a number of UK equities analysts that the Chancellor was saying nothing new. He was merely reinforcing the view that Britain would enter the ERM of the EMS, without indicating a timetable. The excitement only began when Far Eastern and European investors decided to act on Major's thoughts.

A more reliable prompt for investors came from British blue-chip companies this week, including those analysts who suggested a week ago that the new trading account would be underpinned by corporate profit announcements.

The quality stocks stand out most impressively against an uncertain sector background, for example in retailing. Marks and Spencer led the way on Monday, showing a 14 per cent rise in pre-tax profits for 1989-90 — up from £230m to £260m — despite the slowdown in consumer spending. J Sainsbury also brought a smile to retail investors' faces by pushing up profits from £25m to £42m before tax and property gains. The headline profit figures were combined with strong increases in dividends (14 per cent and 20 per cent respectively).

Hanson, Allied-Lyons, Grand Metropolitan and Whitbread also added weight to the week's results. The UK-based conglomerate, currently subsiding in a contested bid for Peabody, the US coal-miner, made £570m before tax in the



HIGHLIGHTS OF THE WEEK

	Price	Change	1989	1990	
	1 day	on week	High	Low	
FT-SE 100 Index	2299.1	+83.2	2463.7	2103.4	EMS speculation/stock shortage
Allied-Lyons	469	+42	571	408	Good figures
Blue Circle	228	+19	279	163	European expansion/old spec
British Telecom	276	+19½	318	243	Stock shortage/short 'buy' note
Carlson Comms	540	+25	810	432	Recovery ahead of interim figures
Colson	414	-4½	81	3½	Refinancing worries
Davies & Newman	585	+150	775	355	In merger talks
Electromech	320	-35	733	485	Rights issue plans confirmed
McCarthy & Stone	84	+10	144	34	Director buys shares in company
Racal Electronics	211½	+16	289	180	Brokers' 'buy' recommendations
Royal Insurance	467	+33	588	422	Bailed over Q1 performance sheet
Securicor A	703	+53	883	647	Reported 'buy' recommendation
Seidewitz	252	-13	318	243	Q1 performance disappoints
Shell Transport	481	+19	501	424	Good Q1 results
Unilever	361	+25	399	320	Tollman increases stake to 22.5%

HERE IS A curious paradox.

For much of the past week the Dow Jones Industrial Average has been hitting record heights, which would seem to suggest that Wall Street views the outlook for the US economy with a warm glow of optimism. Yet on Tuesday George Bush, the President, opened talks with Congressional leaders on ways of narrowing the budget deficit, declaring that it was important to not let the nation's financial problems, for while the economy was still growing, growth was "not as strong or secure as it should be."

The following day he went further, declaring that he did not want to speak out publicly about the nature of the budget problem, for to do so would "frighten the markets." When these views were relayed to the market they spread such terror that the Dow closed up at another record level.

To put it mildly, there seems to be a substantial mismatch of expectations here. Why? And what does it suggest about the direction of equity prices?

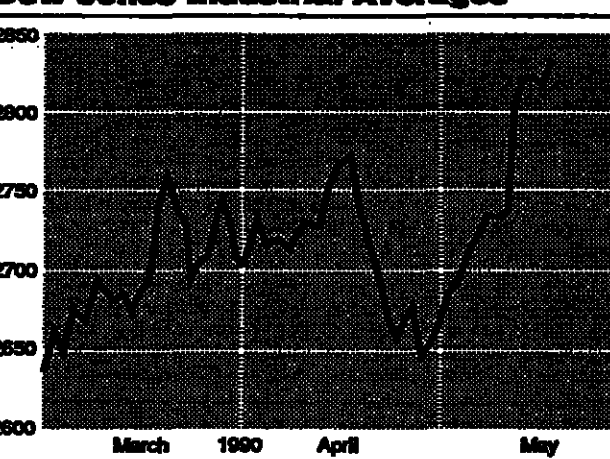
Since April 27 the stock market has rallied by some 7 per cent, with the Dow Jones Industrial Average rising from 2,645 to close at 2,831.71 on Thursday night, topping the previous record high of 2,810.15 set on January 2.

The main driving force has been a switch in Wall Street's expectations about inflation. Just two weeks ago the fear was that price rises were spiralling out of control, forcing upward pressure on interest rates. But a rash of recent indicators has dispelled much of this concern.

An inflationary spurt in the first quarter of this year now seems to have been in large measure the result of seasonal oddities. So the bond market has rallied on hopes that the next movement in interest

A monster in the shadows

Dow Jones Industrial Averages



rates may be down, and equities have followed suit.

That said, the stock market's advance is not as strong as the rise in the Dow would suggest. The Industrial Average tracks a limited number of the leading stocks, and the broader Standard & Poor's 500 is still below its record, as are other indices which track smaller companies. Indeed, some bearish analysts point a parallel with 1973, when such a divergence between large and small stocks predated a prolonged bear market.

The recent spurt has taken the Dow only slightly — and unconvinced — beyond the trading range it has occupied for most of this year, and the fundamentals suggest there is

precious little to sustain a further substantial advance.

The yield gap between stocks and bonds is getting towards the top of its long-term range; a perception that US interest rates have passed their peak is putting pressure on the dollar and thus limiting the scope for a further bond market advance; and the outlook for corporate profits this year is hardly rosy.

Indeed, if the noises emanating from Washington are to be believed, the main threat to the economy now, as it was before the inflationary alarms, is recession.

The economic forecasters have been going for a GNP growth figure of around 2 per

cent, but that assumes relatively buoyant consumer spending, which is far from certain: figures this week showed a steep 0.8 per cent drop in retail sales. And the depressed property market in many parts of the country is likely to stay that way, reducing many consumers' perceptions of wealth and spending power — thanks to the tougher line being taken by banks on loans and the work of the Resolution Trust, which is selling off cheaply the assets of bankrupt thrift institutions.

Meanwhile, the funds the Trust will have to raise to sort out the thrift scandal is overwhelming the bond market, keeping yields up, and is a substantial factor in the Washington budget negotiations.

Whatever the outcome of those talks, it is clear that the Government's budgetary undershoot is going to mean substantially reduced federal spending on tax breaks, or both. The question is whether the balance struck will have a negative impact on the economy, with a draining of spending power more than offsetting the beneficial impact on interest rates of reduced Government borrowing.

The White House, which has its own political purposes, is emphasising the recessionary threat in all this. The markets, however, seem so happy at the slaying of the inflationary dragon over the past few weeks that they are unwilling to focus on the slow-growth monster that may be lurking just around the corner. If and when it slouches into full view, equities could be in for a nasty reverse.

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Martin Dickson

Breathing easily among the ailing retailers

RETAIL ANALYSTS used to say that when Marks and Spencer sneezed, the rest of the retail industry caught a cold.

The maxim reflected the fact that the UK's leading stores-chain was an indicator of how consumers were spending their money in the High Streets during the good times and the bad. But this week the conventional wisdom appears to have been refuted. While the rest of the retail sector has caught a cold from the slow-down in consumer spending, M&S, led by chairman Lord Rayner, is in the best of health. Its full-year figures for the year ended March 31 1990 were well ahead of City expectations. Pre-tax profits rose 14 per cent to £504m on sales up by just 9.5 per cent to £5.61bn.

Marks and Spencer, however, was not alone this week in bucking the trend. J Sainsbury, the supermarket chain, also unveiled a set of full-year figures at the upper end of analysts' expectations. In the 12 months to March 17, Sainsbury's made £420.7m compared with £382.3m a year earlier.

These two sets of results follow the sparkling performance last month from Tesco, which also announced figures ahead of expectations with a 31 per cent rise in pre-tax profits to £361.8m in the year to February 24.

These three retailers have shown that the gloom among other High Street retailers in recent months seems to have been over-done. It is possible to make money from a retail slump, just as it is feasible to make money from a falling stock market.

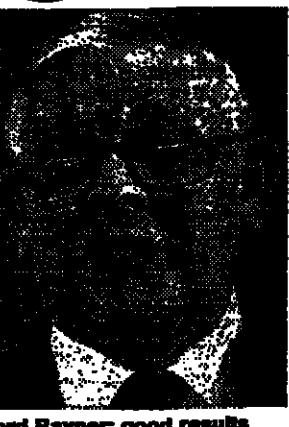
The success of Tesco, Sainsbury's and M&S in being among the most consistently profitable companies of the past decade is in stark contrast to the decision earlier this month by Sir Terence Conran to retire sooner than expected as chairman of the Storehouse group. Storehouse — the conglomerate of chains such as Habitat, BHS, Mothercare and Richards — never lived up to the expectation that the City had for Sir Terence when he created his retail empire in the mid 1980s.

The list of other retail entrepreneurs whose star has dimmed in recent times is like a Who's Who of retailing. Names such as Burton's, Next, Laura Ashley, and Sock Shop have all found the going tough.

Why have Tesco, Sainsbury's, and M&S been successful where others have failed?

Richard Hyman, managing director of the Verdict research group which specialises in retailing, sums up the view of many: "These companies have a corporate culture which emphasises that they are long-term players in the game. This means that they invest in the infrastructure and quality needed to take advantage of the good times and also to benefit when trading is tight."

Hyman and those brokers with long memories like the current state of retailing to its condition in the late 1970s and early 1980s. The high inflation of the period meant that it was comparatively easy for retailers to pass on cost rises and achieve ever-increasing sales figures. The difficulty came with the recession prompted by



Lord Rayner: good results

the hike in VAT rates in the 1979 Conservative Budget. That sorted out those retailers who had sound management from those that thought retailing was easy.

Similarly, the sustained buoyancy of consumer spending in the latter 1980s had convinced many retail entrepreneurs that they had the magic touch when, in truth, their success was carried along on the

wave of consumer spending.

During the heady days of free-spending consumers, the likes of M&S, Sainsbury and Tesco looked downy against the designed niche-marketers. What the newcomers lacked was management in depth.

The strength of the Big Three's management is reflected in several ways. One is the relative stability of senior management. People at the top are not hired and fired; instead, a careful succession is established, leading to minimal disruption. "You don't often hear about top managers in these companies 'going off to pursue their own interests,'" points out Hyman.

Good management, moreover, means being prepared to invest not only in the best sites available — and constantly to improve them according to changing shopping patterns — but also to invest in the facilities to making them a pleasant environment in which to shop. The Big Three eschew design for design's sake.

Good management also means investment in the

systems — both electronic and managerial — that provide a wealth of data which the companies concerned have the skill and expertise to interpret.

Good management also knows that organic growth is sounder than growth without a plan. Marks and Spencer, for example, produced real growth (after taking account of inflation and additional selling space) of about 1.5 per cent from its UK stores. It may not sound dramatic, but at the volume M&S has, the result goes straight to bottom line profits.

Probably the biggest threat to the continued success of M&S, Tesco and Sainsbury is simply taking too much for granted. Yet their corporate cultures make it hard for such complacency to take root. Other retail stars will undoubtedly glimmer and then grow dim over the next decade, but it would be a safe bet that M&S, Sainsbury and Tesco will still be there at the turn of the century — whatever retail conditions prevail.

David Churchill

JUNIOR MARKETS

How mighty is the molecule?

SOMETHING remarkable is happening inside the ivory towers. After years of reluctant negotiations between academics and industrialists, scientists are now falling over themselves to act against the AIDS virus in test tube studies and which is being evaluated by a research division of Johnson & Johnson.

The company's financial projection predicts sales of \$5.1bn and net profits of \$2.2bn in the 15 months to next March. That would put the shares on a moderate p/e of 9, although, looked at another way, the company's market capitalisation of \$18m may seem steep for an essentially unproven company.

It is being brought to market by Allied Provincial Securities, which is also responsible for Third Market start-ups like Haemocell, which is conducting clinical trials into a new blood filtration system and Biocore, which is exploiting research findings on tissue growth.

Neither company has yet announced significant progress or setbacks. However that has not prevented dramatic gyrations in the share prices as a result of the vagaries of market making and the speculative nature of the shares.

A roller coaster ride has also been the lot of shareholders in ML Laboratories, another Allied Provincial venture which was the first of the medical companies on the Third Market. It is researching into a new treatment for kidney failure using a glucose polymer solution for dialysis.

Its share price increased five-fold between its launch in 1987 and its peak last September. But with few palpable results, some disillusion has set in and the shares now stand at about half last year's high. Even the excitement over an announcement last month of progress with a possible anti-AIDS agent — a sugar molecule, which in test-tube studies acts as a blocking agent against the HIV virus — was short-lived.

Novartis, the USM company concerned with tree cloning and the production of chemicals from plants, is the latest of the medical research companies to announce some news. Earlier this week, it announced the acquisition of a research laboratory and trials on a possible anti-cancer agent.

It is going to conduct test-tube studies on the anti-cancer applications of a group of compounds known as the indolizidine Alkaloids, which includes a substance called Castanospermine being investigated as a potential anti-AIDS drug. Although the news was a small step on the long road to producing a licensed drug, the shares rose 6p to 109p.

Vanessa Houlder

FINANCE & THE FAMILY

Sara Webb reviews savings instruments for higher rate taxpayers

How to beat inflation

HIGHER RATE taxpayers' savings reached a cross-over point last month. With inflation at 9.4 per cent, many higher rate taxpayers who have their money locked away in a building society or bank interest-bearing account may find that they are not making a "real" return.

The high interest rates offered by banks and building societies look very attractive on paper, but once you have taken account of inflation at 9.4 per cent and income tax at 40 per cent, you may find you are either making no gain at all or even a loss. In a building society account such as the Halifax 90-day account, higher rate taxpayers are now suffering a loss in "real" terms, as shown by the graph.

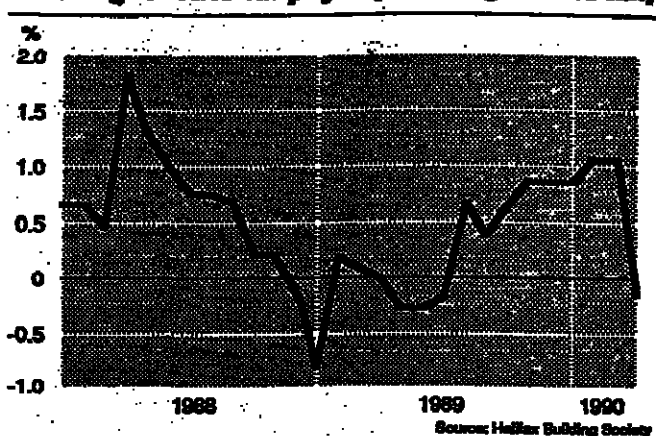
From January, savers will be able to receive their interest gross by using a Tessa, the tax-exempt special savings account announced in the Budget. But you will only be able to put up to £9,000 into a Tessa, and the capital will be tied up for five years. In addition no one knows yet whether the banks and building societies will offer the same rates of interest as they do on their high interest accounts.

So how can investors try to make a real return on their savings now? Ask any stockbroker or financial adviser and they are bound to recommend shares on the grounds that historically, the stock market outperforms deposits and gilts over a long period of time. Shares may provide capital growth and increasing dividend income, but they can also be very risky as any investor with B&C or Next shares in his portfolio can appreciate. They are not a safe bet over the short term.

For the more cautious saver who wants to keep pace with inflation in the short term there are a few alternatives to consider.

The fourth index-linked issue of National Savings certificates guarantees interest above the rate of inflation. This interest is tax-free for all investors. However, you can not place more than £5,000 per person in these certificates.

The real rate of interest on a 90-day account for a higher rate taxpayer (net of higher rate tax)



The interest rolls up over five years to give an average return of 4.04 per cent compounded on top of the inflation-proofing. You can pull out before the five years are up. If you withdraw within the first year, you receive your initial sum back but you will not be paid any interest. If you withdraw the money at the end of one year, you get 3 per cent above inflation; at the end of two years 3.26 per cent; at the end of three years 3.5 per cent; at the end of four years 4.5 per cent; and at the end of five years you get 6 per cent above inflation. This averages out at a 4.04 per cent real return annually over the five-year period. The inflation rate is taken as the RPI calculated by the Central Statistical Office.

Michael Lawrence, managing director of Cater Allen (Jersey), suggests that a higher rate taxpayer in his early fifties with perhaps £20,000 to spare could split his capital as follows: £5,000 in index-linked gilts such as the 2.5 per cent 1996 stock; £5,000 in a long-dated traditional gilt such as 9 per cent 2006; £5,000 in the fourth index-linked issue of National Savings certificates; and £5,000 in a building society or bank deposit which pays interest gross (as this allows the interest to roll up).

Alternatively, he suggests that you could ask your stock

broker to select four different index-linked gilts, although he stresses that this may need careful timing.

"If one assumes that inflation is going to start coming down at the end of this year or beginning of 1991, traditional gilts with a current yield of 12 per cent should start to look attractive. Investors should be able to lock into this yield and then make a capital gain as the price rises," Lawrence adds.

Index-linked gilts are available from the National Savings Stock Register, or from stock brokers. The interest is taxable although it is paid gross if you buy through the NSSR (whereas if you buy through a broker, standard rate interest is deducted at source).

It is also cheaper to buy through the NSSR as the commission charged is lower than that charged by most brokers, and the NSSR will normally handle small amounts, of around £100. However, you do not get any advice on the best gilts to choose and you don't know the specific buying price.

Howard Flight of Guinness Flight Global Asset Management says his strategy for achieving a "real" return is to invest in yen bonds. "Nominal yields of 7 per cent and real yields of 5 per cent in Japan represent outstanding real value," he says. Furthermore, he thinks the yen is likely to

strengthen to around 127/130 to the dollar.

"The major factor is when, and the extent to which, the yen will recover during the rest of this year. It would seem that the floor will probably prove to be 160 yen to the dollar, reduced Japanese capital outflows and the prospect of a return to Japanese hedging of their foreign investments as the yen stabilises should lead to a recovery to a level of around 130 yen to the dollar," he adds. This would provide investors with scope for a currency gain of about 15 per cent. "In other words, you have a potential total return of 22 per cent on what amounts to a fairly low risk investment," Flight concludes.

For the more adventurous, he suggests that the Peseta bond market is "quite attractive with a yield of 13.5 per cent, and the chance that yields could come down to 12 per cent," providing scope for capital gains.

However, Flight is less enthusiastic about German bonds. "Although German bonds have a running yield of 9 per cent, making this as attractive as the yen market, I don't think there will be the same currency gain."

He suggests that investors could buy units in a bond fund in order to obtain a good spread. "Nominal real bond yields have risen to ridiculous levels but there's a hell of a lot more potential because of the good real yield, scope for capital gain as yields fall, and scope for generous currency gain."

The Government admits that inflation may go up still further and could take some time to come down. So the best hope for savers - at least those who have paid off their mortgages - wanting a "real" return is another rise in interest rates.

WITH THE possibility of Labour winning the next general election there will be more than usual interest in its proposed changes to Britain's economic policy, to be announced next week.

Investors are already only too aware that the prospect of a Labour victory has to be taken into account in any longer-term financial planning and possibly in short-term measures too.

Details of the policy, prepared by the Labour Party's home policy committee for approval by the national executive committee, were leaked this week and at first sight seem far from radical. Labour is deliberately confining itself to the broad sweep rather than going into detailed plans that would leave it open to attack.

But some proposed changes are fairly clear. The rich would pay more tax with the top marginal rate going up from 40 to 50 per cent. Lower rate bands of 30 per cent are proposed to help the lower paid. However, no mention was made of capital gains tax. John Smith, the shadow Chancellor, has described the annual capital gains tax exemption (currently

John Edwards on Labour's proposed economic policy Election issues

\$5,000) as illogical; so investors might have to pay tax on all their profits.

Labour would probably scrap the upper earnings limit for National Insurance contributions to add an extra burden on the highly paid; the top rate would be equivalent to 50 per cent or more.

The City has been reassured by Labour politicians and by the historical precedent that share values do as well, if not better under a Labour government. Indeed, relations between the Thatcher Government and the City have not been good, and few would oppose Labour's proposals to overhaul the self-regulatory structure brought in by the Financial Services Act.

Labour politicians have made it clear that there is no intention to reintroduce exchange controls, partly on the grounds that it would be

impossible to do so, especially as a member of the European Community. It has also dropped a plan to use tax penalties to discourage institutional and private investors from putting money overseas. Instead it is likely to offer incentives for more investment in the UK.

Renewed state control of privatised companies is also low on the agenda, with one or two possible exceptions. John Smith argues that imposing tighter legislative control is cheaper than buying them back again.

Labour do seem to be committed to putting the clock back on pensions. They are determined to build up the government pension scheme, including Serps (state earnings related pension scheme), and discourage personal pensions. Personal equity plans (PEPs) are likely to be radically

altered by a Labour government, although not retrospectively, on the grounds that the tax-free benefits offered by PEPs unduly benefit the rich. Labour would put much more emphasis on corporate PEPs, linking them to profit sharing schemes, and possibly using regional PEPs to encourage local investment.

So investors considering using PEPs to pay off mortgages or school fees have to bear in mind that they might not be available in a few years' time. However, this is probably an incentive to take out PEPs while they are still available as a source of future tax-free income and capital gains.

Labour does not believe that the new Tessa (tax exempt special savings account) will increase the overall level of savings, and is undertaking a special survey into how the savings ratio could be improved.

Some more details will no doubt be forthcoming next week when the official economic policy document is released. But investors will probably have to make their own judgments about how they will be affected.

Next question for building societies

THIS WEEK'S meeting of Frome Selwood Building Society members may have produced a hair's breadth victory for the board to go ahead and merge the society with Stroud & Swindon. But the vote gives everyone concerned with building societies pause for thought.

After a lively afternoon session, which almost filled Frome's town cinema, the Board won a 76.3 per cent majority, just over the minimum 75 per cent it needed. But victory came from the proxies. A large number of those at the meeting were either doubtful or else downright opposed to taking a lower offer when a higher one was on the table. They were

offered only a 2 per cent bonus on their deposits by Stroud & Swindon; Cheltenham & Gloucester promised 3 per cent.

Roy Walwin, Frome Selwood chairman, recognised this. "Our members were obviously influenced more by the promise of a continuation of local policies and a fair bonus payment than the possible chance of a higher bonus sometime in the future," he said. The vote was helped through by:

■ strong local loyalties of a tiny electorate in a town where everyone knows everyone else;

■ fears that some Frome Selwood staff might lose their jobs if the Stroud & Swindon merger plan failed.

Even so, another 28 votes

would have clinched victory for the rebels.

Will other building societies planning a merger be able to count on the willingness of their members to vote against the interests of their own pockets? They will certainly be taking a big risk if they do, especially if there is no small town spirit to draw on.

Members of larger societies are much more volatile in the way they place their savings and more likely prefer the highest offer on the table.

So boards will probably try to ensure that they do not go to their members if another and higher offer is known to be around. Under the Building Societies Act, they have to dis-

close details of other bids to members when a society is merged with another society or (as many expect will happen for the first time soon) sold to a bank or insurance company outside the industry.

The Frome vote was a partial defeat for the C&G chief executive, Andrew Loughurst, the "mergers king" of the building society world. But he has made his point through intensive media coverage.

He may yet regret it. Some day perhaps even C&G's board may find themselves forced to choose between the merger deal they prefer and one on offer from a hostile predator.

David Barchard

Pensions law changed

TWO DAYS ago - on May 17 - the European Court of Justice officially outlawed discrimination in UK company pension schemes.

In their ruling on the *Barber v Guardian Royal Exchange Assurance Company* case, the judges said that "a pension paid under a contracted-out private occupational scheme falls within the scope of Article 119 of the Treaty of Rome." The article bans discrimination between the sexes on pay and related remuneration.

Douglas Barber, one of the principals in the case, possibly had no idea of the far-reaching consequences his action would have. Ten years ago, after being made redundant at the

age of 52 by his employers, Guardian Royal Exchange, he went to law to secure the right to an early retirement pension - a right that a woman of the same age would have had.

Barber died before the case was completed. But his action, backed by the Equal Opportunities Commission (EOC), secured not just the right to an early retirement pension, but the end of discrimination in company pension schemes.

The judgment means that all men and women in company pension schemes must receive the same pension from the same pension age. No male retiring early should have his pension reduced if a woman of the same age would not suffer

a reduction. The rule applies to existing employees and to new entrants to any scheme.

Since most company schemes still give their present women employees the right to a full, non-reduced pension at 60, even where schemes have been altered with a higher common pension age, employees, this ruling means that all present male employees now have the right to a full pension at 60.

Yet there is still much to be done before the equality principle becomes widely accepted in company schemes. The judges - to avoid retroaction - stated that the ruling would not apply to claims prior to the date of the ruling unless legal proceedings had been initiated.

This could have three different interpretations. ■ Only future benefits will be equalised. Thus a man with 40 years service taking early retirement one year from now would have 1/40th of his pension not subject to a reduction and the remaining 39/40ths reduced as before.

■ All employees retiring or being made redundant from May 17 1990 would have all benefits and entitlements equalised.

■ In addition to the second feature, all employees currently receiving a reduced pension would have all future payments increased to the equalised level.

The third interpretation is the fairest to employees and the least to employers. But it is the most expensive option and the EOC is prepared to accept the second interpretation. However, employers with an eye on costs are likely to opt for the first interpretation.

Equalisation is going to cost employers a lot, particularly if many men try to take advantage of the situation. Employers may try to offset this cost by first delaying implementing equal treatment provisions until after the judgment of another pension case before the European Court - *Clark v Gray Precision Engineering* - which involves a dispute about a reduced benefit.

They may also make women wait after age 60 for a full pension by equalising the pension age at, say, 62 or 63. Many have already introduced such a provision for new employees and some may extend it to all existing women employees.

Other employers may decide to wind-up their company pension arrangements and leave employees to make their own arrangements.

It is essential that employers make their intentions known to employees, even if full details cannot be given at this early stage.

Eric Short

Don't envy German growth, profit from it.

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There is certainly a lot to admire. Booming stock markets (last year they traded more shares than London). Rising share prices (up 29% since the Wall came down in November). A growing economy (likely to grow over 3% this year, second only to Japan). The strongest European currency (and growing ever stronger). The list seems endless.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Provisions may hit BT figures

BRITISH TELECOM is expected to report pre-tax profits of £2.7bn for the 1989-90 financial year on Thursday, up from £2.4bn the previous year. However, analysts say that there may be provisions of between £100m and £400m in the final quarter to account for the restructuring and redundancies announced recently by BT. This could reduce the pre-tax figure to as low as £2.3bn.

Stephen Owen at James Capel predicts pre-tax profits of £2.65bn, while Judy Stewart of Kleinwort Benson Securities is going for £2.7bn.

British Airways will publish on Tuesday its preliminary results for the financial year ending March which are expected to show higher pre-tax profits in the range of £300m to £340m. This compares with pre-tax profits of £268m for the 1989 financial year. The airline continued to have strong passenger traffic growth in the last quarter of 9.3 per cent over the last period of the 1989 financial year.

Bass, the UK's biggest

brewer, is expected to report lower first half profits on Wednesday. Analysts forecast a dip from last year's £288m, which included an abnormally high property profits figure of £64m, to between £270m and £275m. Trading profits should show a modest increase - beer volume sales were up by 1.5 per cent in the first quarter - and the market expects a near 10 per cent growth in earnings per share.

The property sector will be thrown into sharp relief on Wednesday when Land Securities, traditionally the barometer, declares its annual figures. Probably there will not be much to cheer. The group is the largest UK property investment group and the biggest single component of the FT Actuaries Property Share Index. Its share price has been running at a 45 per cent discount to net asset value, the favoured measurement for property investment groups.

With commercial property prices weakening, any rise in the March 1989 NAV of 856p a

share is likely to be modest, dependent on the higher rental values Land Securities extracts from its property portfolio. City estimates vary sharply; Barclays de Zoete Wedd predicts a fall to 840p, at the other extreme Charterhouse, the other forecasts a rise to 940p.

All eyes will be on Carlton Communications, the television services company, when it reports its interim results on Monday. A warning in March by Michael Green, chairman, that profits were likely to be merely "respectable" continued the derating process which has seen the shares slump from a high of 523p in September to a low of 450p last month. The shares have since regained ground and analysts expect the results to spread some reassurance. Forecast profits are around 590m to 620m.

If predictions are correct, it seems that Sir James Goldsmith and allies will have little to rejoice about when Banks Hovis McDougall, the bakers and food group in which their Sunningdale consortium holds

RESULTS DUE				
Company	Announcement date	Dividend (p)	Last year	This year
		1st	Final	1st
FINAL DIVIDENDS				
Abstract New Dawn Invest. Ltd.	Wednesday	2.0	4.0	2.0
Airflow Streamlines	Thursday	2.0	2.0	2.0
Ambrint International	Wednesday	2.8	6.8	3.3
Associated British Foods	Tuesday	2.5	5.5	2.8
British Airways	Friday	10.0	8.0	10.0
British-Borneo Petroleum	Thursday	4.25	8.25	4.05
British Telecommunications	Friday	1.75	4.25	2.2
Castings	Wednesday	1.25	3.25	1.75
Chamberlain & Hill	Thursday	5.0	10.0	5.0
Chatterfield Properties	Thursday	1.0	2.0	1.0
Contract Continental	Wednesday	2.9	10.1	3.1
Courtauld	Thursday	1.1	2.5	1.25
Elliot & Fry	Thursday	0.15	0.5	0.2
Blackwell	Thursday	2.0	2.0	2.0
Five Art Developments	Thursday	0.15	0.5	0.2
Gates Franks	Tuesday	3.0	5.5	3.0
Gerrard & National Holdings	Thursday	1.5	3.5	1.65
Goldsmiths Group	Wednesday	1.4	2.6	1.4
Iscom International	Friday	4.1	10.5	4.75
Jarvis Porter Group	Wednesday	1.0	1.0	1.0
Land Securities	Friday	1.0	1.0	1.0
Loraine's	Friday	1.0	1.0	1.0
Mayflower Corporation	Friday	1.5	3.0	1.8
Monks Investment Trust	Thursday	0.75	0.75	0.75
Northumbria Fine Foods	Thursday	0.91	1.0	1.7
Piston International	Tuesday	1.7	3.5	1.7
Provident	Monday	1.0	1.0	1.0
Rabson Investment Trust	Wednesday	3.0	4.0	4.0
Redwood International	Tuesday	0.57	2.59	0.59
Scott's Restaurants	Monday	4.3	4.3	4.3
Smith James Estates	Thursday	0.016	0.032	0.016
Tribble Harris Ltd	Wednesday	0.5	0.5	0.5
Trivoco	Thursday	0.17	0.4	0.21
Verdon International Group	Thursday	4.7	5.5	5.5
Young & Co's Brewery	Thursday	1.0	1.0	1.0
Toshiba	Thursday	1.0	1.0	1.0
INTERIM DIVIDENDS				
Albion	Friday	1.5	1.5	1.5
Anglo Scandinavian Inv Trust	Thursday	5.0	5.0	5.0
Archer AJ Holdings	Thursday	7.0	21.2	7.0
BAT Industries	Wednesday	9.5	10.4	9.5
Beit Brothers	Wednesday	1.85	3.95	1.85
Black	Thursday	2.4	3.9	2.4
Carton Communications	Monday	3.05	6.125	3.05
Caudron Group	Wednesday	1.0	0.53	1.0
Chelmer Radio	Thursday	2.0	2.0	2.0
Chrysalis Group	Thursday	2.0	2.0	2.0
Compass Group	Thursday	2.0	2.0	2.0
Concordia Group	Thursday	4.75	12.5	4.75
Countryside Properties	Wednesday	1.5	2.70	1.5
Deban Park Industries	Thursday	1.9	3.65	1.9
Debenhams	Monday	6.0	12.0	6.0
F&C Eurotrust	Tuesday	2.1	2.1	2.1
Ferry Piercing Group	Wednesday	2.1	3.1	2.1
Fulham Investment Trust	Thursday	2.55	3.0	2.55
Gover Atlantic Inv. Trust	Thursday	1.1	2.4	1.1
Great Western Resources	Monday	2.0	3.0	2.0
Gryffins Investment	Thursday	1.0	1.0	1.0
Groutland West Diamond	Friday	n/a	n/a	n/a
Kelley Industries	Thursday	4.25	18.75	4.25
M&P	Thursday	2.0	2.0	2.0
Morland & Co.	Friday	3.15	7.1	3.15
Radio City (Sound of Mersey)	Monday	3.0	7.0	3.0
Ranby Hovis McDougall	Friday	1.0	1.0	1.0
Shelburne	Friday	2.0	2.75	2.0
Thornton GW Holdings	Friday	2.0	2.75	2.0
USKO	Thursday	2.5	5.0	2.5
Warner Estate Holdings	Monday	1.25	3.75	1.25
Wharfedale	Monday	3.2	5.0	3.2
Whitbread	Wednesday	3.2	5.0	3.2
Wolverhampton & Dudley Brew.	Thursday	3.2	5.0	3.2

Reading between the lines

WHEN Kenneth Kemp formally retired as chairman of Smith & Nephew at Tuesday's annual general meeting, he bequeathed to the health care company's 50,000 shareholders a small alteration in its articles of association.

The passing of Special Resolution 9 did not cause much excitement at the meeting. But it means S&N can become one of the first British companies to follow the guidelines of last year's Companies Act by issuing a summary financial statement to shareholders who want it, in place of a detailed report and accounts.

The company's 1989 report and accounts already comes in two sections. The first contains the summary financial statement, the second contains the audited financial information of a traditional report and accounts.

For the time being, S&N must issue both sections to shareholders, but in 1991 only those investors who ask for the full statutory report and accounts by returning a reply-paid postcard to the company before the end of this year will receive the two documents. The rest will receive just the glossier summary report.

S&N believes only 1,000 of its shareholders will opt for the full report, saving the group perhaps £40,000 in printing and postage costs. However, cost-cutting is not the chief priority for a company which made £14m of profit before tax last year. "Kenneth Kemp has always had a particular feeling for the small shareholder and looked after their interests," says Cliff Lomax, company secretary. "Our main priority was to improve the means of communication with the private investor."

Nancy Burton, managing director of Tor Petersen, which advised on the design of the report, says annual accounts are now regarded as important marketing documents. They are distributed not only to shareholders, but to employees, clients and journalists. The summary report is a less unwieldy weapon in the public relations battle than the detailed accounts.

In line with that aim, companies like S&N and TSB Group, which also produced a two-section report for its 1.6m shareholders this year, are fleshing out the bare bones of the new legislation.

But TSB not only includes both elements in its summary report, it even goes so far as to explain - in plain English under the figures - how earnings are calculated.

Some critics of the new legislation believe such an approach will discourage small shareholders from examining the more detailed figures, thus widening the gap between amateurs and professionals, but Peter Howland, TSB's company secretary, says a majority of the bank's shareholders wanted less technical accounts.

TSB launched the initiative for summary financial reports after its flotation in 1986, and volunteered its research work to the Department of Trade



Kemp: resolution

and industry as it prepared the new legislation.

"One mustn't talk down to these people in the short-form accounts, but our research has totally convinced us that we are going down the right road," says Howland.

Both TSB and S&N have stuck to the conventional annual report format this year, although the Act will allow them flexibility to include the figures in a newsletter or brochure format if they wish. That said, TSB used to publish its figures in a newsletter as well as in the annual report, but when asked, the bank's shareholders said they believed the newsletter lacked the *gravitas* of the full accounts and would not be sufficient on its own.

It will take at least a year to gauge the success of the new legislation because most companies are only just considering whether to give shareholders the choice. TSB and S&N are already listening to shareholders' comments about the new format. For example, S&N decided to include directors' shareholdings in the summary report although this is not required by the new Act, but has been criticised for not printing full details of directors' pay (the Act asks only for the total).

At the same time, the less scrupulous may also be looking for ways to exploit the new regulations, and deprive shareholders of important information. "Shareholders still have the right to request the full document. If a company really produces a report that is too sparse, it will feel the backlash," she says.

Andrew Hill

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IN BRIEF

BEAR STEARNS Home Loans, the US mortgage lender, this week launched the Passport Mortgage, a variable-rate loan which can be converted to a long-term fixed rate loan any time within the first five years of the mortgage.

The idea behind it is that home owners borrow mortgage at a variable rate of 14.9 per cent (APR 17.0 per cent) now. During the period the variable rate is applied, two different schemes allow the borrower to defer part of the monthly payment for three years. When interest rates drop, Bear Stearns will offer a low interest fixed rate and the borrower will transfer to this lower rate.

This is a mortgage with a large number of fairly complicated additional features, including some fees which are added in advance to the loan. It is thus likely to be of interest mainly to the more sophisticated mortgage customer.

There is an acceptance fee of between £150 and £250 when the loan is arranged and a further fee of 8 per cent maximum for the first five years.

On the other hand, one of the attractive features of the mortgage is that there are no early redemption fees.

Loans can be between £15,000 and £750,000. The mortgage can be linked to an endowment policy, a pension, personal equity plan or unit trust, or be interest only with no repayment vehicle.

A Budget Plan scheme launched by Citibank Mortgage offers a new way of keeping down costs at the outset. Borrowers are allowed to pay the endowment policy premiums for the first five years by adding them on to the mortgage. They can also add up to £5,000 to cover moving expenses. In both cases the capital size of the mortgage is increased, so you end up by paying interest on a larger sum. But it does reduce the pressure in the early stages when borrowers are usually most hard-pressed.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share	Market price	Price before bid	Value of bid	Offer
Almeco Group	251	235	193	30.95	Gwynedd Ltd.
Academy	550	588	540	19.25	Renome Inc.
Ac. A.	230	198	181	10.00	Renome Inc.
Canford Eng.	330	328	344	68.0	Marshall
Cont. Microwave	230	222	145	12.24	Pharos Mfgs.
Do. 6% Conv. Pnt.	112	107	85	3.55	Pharos Mfgs.
Crysalis	80 1/2	80	75	32.67	TT Group
Earl's Wharf	22 1/2	22 1/2	22	13.17	Grovenord Secs.
Executive Clothing	20	20	20	0.98	Freemantle
Globe Inv. Ltd.	10 1/2	10 1/2	77 1/2	1.038	St. Coal Pn. Fd.
Highland Elect.	74 1/2	80	68	6.52	Arlen
Hobsons Pubs	265	250	180	8.87	Daily Mail
Leisure	10 1/2	10 1/2	143	21.63	Hence
Lm. & Edin. Tel.	220 1/2	220	175	49.7	SPP
Midsummer Leisure	132 1/2	129	159	60.67	European Leisure
Molins	276	276	246	83.00	Leucadia
Moore & Crane	53	91	53	16.85	Worth Hld Gmbl
Optim Group	18	15	14	13.00	Systime Relab.
Parent Group	22 1/2	22	18	4.11	Moat Group

*All cash offer. If cash alternative, partial bid. \$for capital not already held. If conditional. *Based on 2.50p price. 15/5/90. 141 suspension. 88 shares and cash.

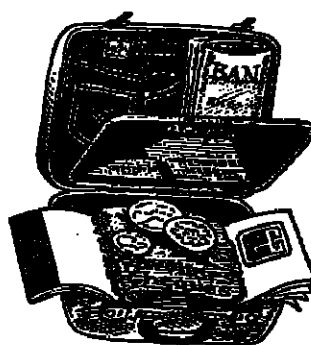
PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£000)	Shareholders' per share (p)	Dividends per share (p)
Addison Combs	Dec 388 L	(2,140)	(1.77)	0.9 (1.4)
Allied-Lyons	Feb 595,000	(502,000)	47.7 (43.7)	16.95 (15.0)
Analysis Higgs	Mar 2,598 L	(2,578 L)	(-)	(-)
Appley Wharfedale	Feb 2,040	(1,520)	23.9 (16.9)	5.5 (4.5)
Associated	Nov 170 L	(147 L)	(-)	(-)
Bank of Ireland	Nov 134,200	(129,038)	28.2 (24.8)	7.0 (2.82)
Barrs Holdings	Feb 1,540	(591)	16.3 (6.9)	3.75 (-)
Bell & Howells	Mar 158	(132)	1.0 (0.87)	0.59 (0.51)
City of Oxford	Mar 9714	(5208)	4.85 (2.6)	4.5 (2.58)
East Surrey Wat.	Mar 1,610	(102)	(-)	(-)
Eastern Produce	Dec 7,470	(8,140)	(-)	9.5 (5.5)
English & Irish	Apr 2,850	(1,280)	3.03 (3.5)	3.0 (2.7)
Fleming High Inc	Apr n/a	(-)	6.25 (-)	5.25 (-)
Glenavon Group	Jan 2,220	(2,080)	11.3 (10.1)	4.2 (3.8)
Harlequin Group	Mar 3,220	(184 L)	12.0 (-)	1.25 (-)
Higginbotham	Dec 685	(417.4)	6.84 (7.89)	3.25 (2.85)
Jerningham Invest	Dec 1,650	(310)	50.7 (10.7)	3.0 (2.5)
John Foster	Mar 1,290	(340)	(-)	3.75 (3.75)
London Invest.	Dec 841	(788)	1.3 (1.17)	0.41 (-)
Martin & Spencer	Mar 604,000	(529,000)	14.5 (12.9)	6.4 (5.0)
Marshall & Marshall	Dec 3,350 L	(3,125)	(-)	1.0 (0.0)
Mit-States	Dec 215	(280 L)	(-)	0.75 (-)
Ocean Wilson	Dec 15,970	(8,020)	18.6 (10.2)	2.25 (2.0)
Randome Group	Dec 3,590 L	(430)	(-)	1.8 (1.8)
Reckless Invest.	Dec 5,595	(5,591)	21.5 (12.9)	6.0 (5.0)
Rockwood Higgs	Dec 3,220 L	(1,900)	(-)	5.09 (4.65)
Selousbury J	Mar 420,700	(352,300)	18.4 (15.1)	6.1 (5.09)
Spicer JW	Dec 1,300	(509)	15.3 (4.58)	(-)
United Guaranty	Dec 1,480 L	(2,740 L)	(-)	(-)
Vital Holdings	Dec 1,182 L	(12,880 L)	(-)	(-)
Walker Greenbank	Feb 7,300	(8,100)	5.1 (2.41)	2.75 (2.25)
Warner Howard	Feb 4,700	(4,200)	13.5 (12.6)	4.5 (3.75)
Warford Invest.	Dec 6,580	(8,440)	10.6 (10.6)	6.0 (6.0)
Whitbread	Mar 260,200	(223,200)	42.8 (36.2)	11.0 (9.0)

INTERIM STATEMENTS

Company	Half-year	Pre-tax profit (£000)	Shareholders' per share (p)	Dividends per share (p)
Alexanders Holdings	Mar	707	(673)	(-)
Apollo Metals	Mar	1,190	(677)	1.0 (0.67)
Appleson Holdings	May	1,250	(601)	1.5 (1.1)
Avon Rubber	Mar	4,050	(8,030)	6.0 (5

Despite the advances in electronic banking and credit facilities, it still pays to ensure that you have some stop-gap way of obtaining money while on holiday, says David Barchard



However, travellers cheques are fairly expensive. You pay a commission (usually around 1 per cent) when you buy them, and unless you go to the office of the

are planning a holiday overseas the developed world, front-end finance such as a stock of foreign currency travellers' cheques becomes much more important.

■ **Foreign Currency:** You will obviously need some almost the moment you step out of the airport. If you buy it in the UK, the rate for some currencies is much better than it will be on the spot, although this varies from country to country. Bank

American Express has its own cash machines at leading international airports and has arrangements with some national networks such as Link in the UK and

Germany, for example, has one of Europe's most highly developed networks of cash machines with Eurocheque machines at almost every corner in big cities. Unfortunately they are not much use to the average English tourist since only a minority of the machines can be operated by foreigners, though the number

Eurocheque incidentally has just expanded its network to include Israel. Machines can be found throughout western Europe.

Visa cards can also be used to draw cash advances from bank branches. However, you will usually pay about 1.5 per cent service charge on a Visa withdrawal from a bank or cash machine.

flutter," says one foreign broker, "and it is not unusual for clerks and office workers to take advantage of any informa-

deposits, these notes will probably remain popular for disguising undeclared income until the system is reformed.

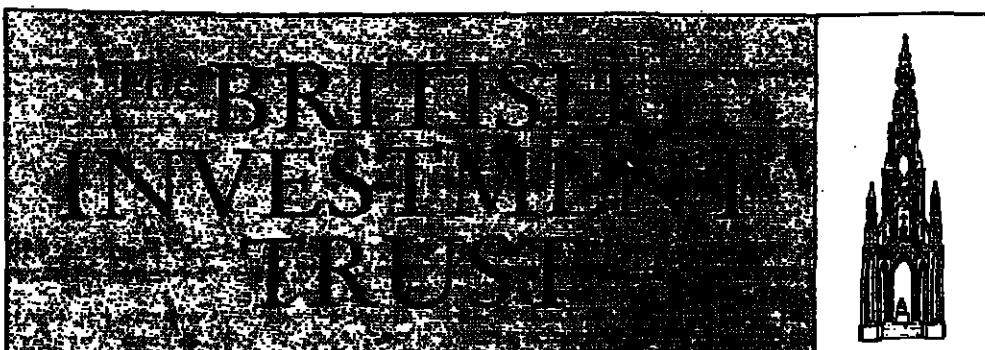
It's carved in stone

Fortunately it's available in paperback

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We've tried to incorporate as many as

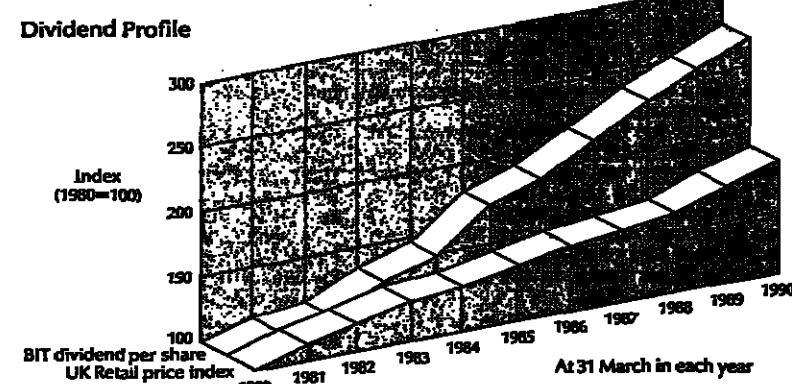
Banishing Gripes British Gas



The British Investment Trust aims to achieve long term capital growth from a portfolio of international investments and secure for shareholders regular increases in dividend.

HIGHLIGHTS OF THE YEAR	1990 (unaudited)	1989	% Change
Ordinary shareholders' funds	£478,020,000	£451,756,000	+ 5.8
Net asset value per share	766p	724p	+ 5.8
Income	£25,345,000	£19,303,000	+31.3
Earnings per share	22.78p	20.78p	+ 9.6
Dividend per share	21.50p	20.00p	+ 7.5

The Company's subsidiary, Edinburgh Fund Managers, is not consolidated in the above figures consistent with the accounting policy adopted in the 1989 Annual Accounts.



Please note that past performance is not necessarily a guide to future performance and that the value of shares and income therefrom can fluctuate, so that investors may not necessarily get back the amount invested.

For The Secretary, The British Investment Trust PLC,
4 Melville Crescent, Edinburgh EH3 7JB
Member of IMRO
Please send me a copy of the 1990 Annual Report & Accounts

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Address _____
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In our PEP the first £3,000 of your subscription, or your lump sum, will be invested completely in 'Saints' (or The Scottish American Investment Company PLC).

Saints holds a wide spread of international investments, and has a first class track record.

Saints And The Results

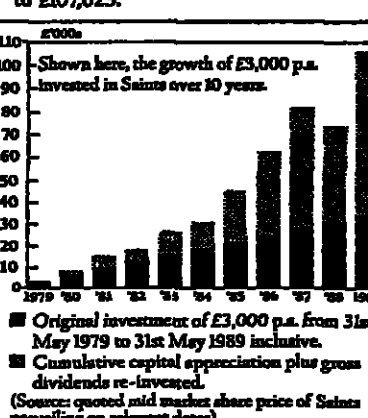
Saints is a publicly quoted company, has over 14,000 investors and is managed by Stewart Ivory and Company Ltd. of Edinburgh.

Through careful investment Saints has already achieved a long term history of consistent results. Over the last ten years it has outperformed the FT Ordinary Index by 14% (to the 31st December 1989).

£30,000 Would Have Grown To £107,023

Look at the table in the centre of the page and you'll see that if you'd invested

£3,000 a year in Saints over the last 10 years (from 31st May 1979 to 31st May 1989) the value of your holding would, with gross income reinvested, have grown to £107,023.



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However, the value of shares and income from them may fluctuate. And you may get back less than you invested.

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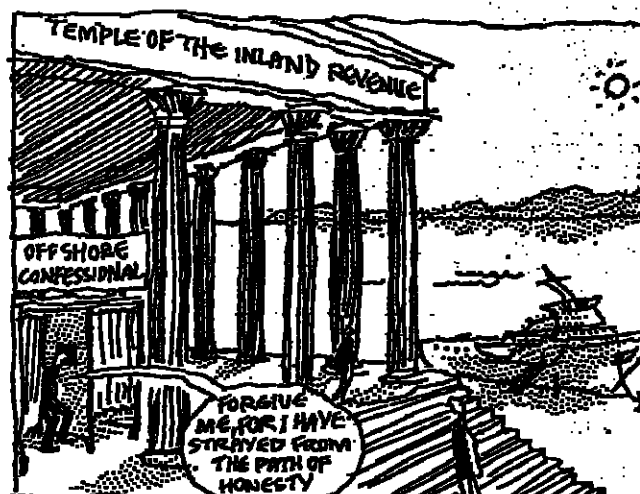
THE SAINTS PEP

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FINANCE & THE FAMILY

EXPATRIATES

The taxing side of living overseas



MANY BRITONS who live overseas, whether in retirement or by reason of their employment, never entirely succeed in escaping the attentions of the UK taxman.

Inheritance tax remains payable unless you achieve a domicile overseas and limit your UK assets to £128,000. Furthermore, many sources of UK income remain taxable wherever you live.

However, important changes in the UK's tax law effective from April 6 provide the means - in some cases at least - of rectifying the situation for expatriates. For example, non-residents can benefit from the rules relating to the independent taxation of married couples and many of them are, for the first time, entitled to the same allowances and reliefs as UK residents. The favoured categories are:

- citizens of the UK, Commonwealth and Eire;
- anyone who is or was employed by the Crown, or is the widow or widower of such a person;
- anyone employed by a missionary society in, or by the Government of, any territory under Her Majesty's protection;
- residents of the Isle of Man or Channel Islands;
- anyone who previously resided in the UK but now lives abroad for the sake of his health or a member of his family resident with him.

Some double taxation treaties between the UK and other countries also give the right to relief, although usually at a

cost of paying tax on the UK income in your host country. As usual under the UK tax system, it is for you to prove eligibility and to claim entitlement. If your income is taxed at source, it would probably be the end of the tax year.

On the other hand, those who pay tax directly - say on UK letting profits - would be well advised to act without delay. It is a fair assumption that many non-residents who fall within the five categories will sooner or later discover that a long-standing and much misunderstood piece of Inland Revenue practice will deny them the expected relief.

This should occur if you receive income as National Savings income or deposit bonds or as a result of complet-

ing a declaration of non-ordinary residence in the UK - from bank or building society accounts. It is not generally realised that such income remains liable to UK tax, although as the Inland Revenue makes no attempt to collect the liability, no problems usually arise if it is your only UK taxable income.

However, say that you receive £3,000 a year paid gross from a UK deposit account and £3,000 annually from letting property you own in the UK. You might well think that your £3,000 personal allowance will be available to extinguish the tax which would otherwise be payable on the letting profit.

But you would be wrong. The UK income tax liability will be allocated first against the interest earned on the deposit account and while no tax

would be collected on the remaining £483, your letting profit would be taxed in full. Happily, the problem is easily solved. It involves nothing more complex than transferring the deposit offshore.

For those receiving British state pensions, which give rise to similar treatment, the only escape is to claim exemption under any double tax treaty which might be in force between the UK and the country in which they live.

In the case of married couples, both eligible for relief, the availability to each of the £3,000 personal allowance, plus £1,720 married couples' allowance will often require a re-allocation of resources between them if the benefit achievable is to be maximised.

For example, if you receive dividends of £3,000 a year from a UK private company and your spouse has no British income, the transfer of half the £3,000 to her would save you tax of £751 a year (£3,000 at 25 per cent). Remember, however, that private companies have the right to decline transfers without giving a reason, so a word with the company secretary would probably be wise.

Similar considerations apply if the asset generating the income is a UK property which is transferred into joint names. However, in such cases, the difficulty and expense involved is likely to be greater, particularly if a mortgage is involved. But there are some circumstances in which such trans-

fers might be undesirable. Often one of the spouses achieves non-residence while the other does not. In this case, while the reorganisation might well cut the income tax payable, it could be disadvantageous from a capital gains tax point of view if it involves the transfer of assets from a non-resident (who is not liable to the tax) to a resident (who is).

Transfers might also be undesirable in the case of marriages involving a foreign partner who neither qualifies for relief nor is a UK resident.

Transfers to such persons obviously cannot give rise to income tax advantages (although transfers from them might well do so) and could give rise to inheritance tax problems. For if the transferor is a UK domiciliary and the transferee is not, the normal unlimited exemption in respect of assets passing between husband and wife is replaced by one limited to £55,000.

That apart, transferring assets between spouses will not give rise to inheritance tax, capital gains tax or stamp duty problems. But remember that it is not only tax matters which need to be considered when transfers are in prospect. The collapse of the marriage or bankruptcy could cause serious problems. Wills should also be scrutinised.

Donald Elkin

Donald Elkin is a director of Wilfred T Fry of Worthing, West Sussex.

Who owns a property

MORE COUPLES are seeking to minimise the impact of inheritance tax on their estates by each willing a share of their estates, which they should own as tenants in common, to their children.

You have advised that a right of continued occupancy should be achieved via the majority shareholding of the surviving partner.

Does this majority shareholding also ensure that the surviving partner can resist pressure to sell the property?

■ The ownership of the

major share of the equity does give its owner a strong basis on which to resist a sale of the property, but not an absolute right to block a sale.

Section 30 of the Law of Property Act 1925 enables an application to be made to the court for an order for sale, and the court exercises its discretion as to whether or not to order a sale.

The personal circumstances will be allocated first against the interest earned on the deposit account and while no tax

major share of the equity does give its owner a strong basis on which to resist a sale of the property, but not an absolute right to block a sale.

View on allowance

FOR SEVERAL years I have been making an allowance of £250 per month (£3,000 per annum) to an adult child who is in financial straits and who uses the money to supplement his small income. I am retired, and I pay this allowance out of my taxed income which is derived from rent, a pension annuity and some investments.

a) I have regarded these payments as exempt from inheritance tax under the £3,000 a year exemption, and have accordingly not reported them to the Revenue. Is this in order?

b) I have also taken the view that these payments are not taxable income in the hands of my child, and accordingly do not require to be included as income, or otherwise mentioned, in his tax returns. Is this correct?

c) There must be many elderly persons who have been taking advantage of this £3,000 per annum inheritance tax exemption by paying this amount annually to children. Is the money to be treated as capital or income in the hands of the recipient?

a) Yes.

b) Yes.

c) It is not a question of the payments being either capital or income, it is a question of whether they fall within any of the exemptions or reliefs. (Since they clearly do not fall within schedules A, C, E or F). In our view they are not caught by either case III or VI (and they are clearly outside cases I, II, IV and V), on the bare facts outlined.

annual personal allowance to avoid liability to income tax?

■ Our Briefcase service is not limited to questions of UK law, and so we cannot comment upon the laws of Jersey. Prima facie, however, it would be better for the account to be in the names of your wife and yourself, as your daughter's guardians will be allocated first against the interest earned on the deposit account and while no tax

English law. Your parents should send a letter with each cheque, so that the source of the funds can be proved to the UK tax authorities in due course, if need be.

No funds originating from your wife or yourself should be paid into the account, in order to avoid apportionment problems under section 663 of the Income and Corporation Taxes Act 1988 (after you and your wife become resident in the UK once again).

We take it that you were domiciled in England and Wales (or in Scotland or in Northern Ireland) at the time of your daughter's birth, and on a similar basis, with the restaurant covenant to provide food of a high quality from 11 am to 11 pm, seven days a week.

The restaurant is losing money and the leaseholder is now offering snack-bar food from 10.30 am to 5 pm, only six days a week. I propose to sue the landlord, and he in turn will sue the restaurant. A two-year wait for a court hearing is envisaged, and meanwhile my wife (who is ill) and I are not being provided with acceptable food.

What can I do? Assuming both plaintiffs win, the landlord still has to find a restaurant to meet our needs which may be difficult. We pay very high maintenance costs for certain facilities - can I refuse to pay?

■ It may be possible to seek a mandatory injunction against your landlord both as an interim measure until the hearing and in the form of a permanent injunction at trial.

■ In view of your sister's age and health, and the fact that you are both over 60, it would be more beneficial tax position by

my sisters maintenance?

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Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the opinions given in these columns. All inquiries will be answered by post as soon as possible.

creating a discretionary trust under which your sister, the charities and the other people whom you wish to benefit are all discretionary objects. You would need to appoint trustees whom you can rely upon to follow your wishes.

Going hungry

MY WIFE and I are joint 999-year leaseholders of an apartment in a block of 12 for the elderly. Part of the building houses a restaurant which we share with the restaurantier covenanted to provide food of a high quality from 11 am to 11 pm, seven days a week.

The restaurant is losing money and the leaseholder is now offering snack-bar food from 10.30 am to 5 pm, only six days a week. I propose to sue the landlord, and he in turn will sue the restaurant. A two-year wait for a court hearing is envisaged, and meanwhile my wife (who is ill) and I are not being provided with acceptable food.

What can I do? Assuming both plaintiffs win, the landlord still has to find a restaurant to meet our needs which may be difficult. We pay very high maintenance costs for certain facilities - can I refuse to pay?

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MINDING YOUR OWN BUSINESS

Breakaway in a small way

ONE OF the first principles of a successful business is planning. When you are starting out, the thought of what to do for the best when you want to bow out scarcely crosses the mind.

According to 31, the venture capital group, only 30 per cent of family businesses reach the second generation. Fewer than two-thirds reach the third generation. Too often they become absorbed into larger groups. And yet 80 per cent want to remain independent.

Why doesn't it work out? All too often it is because the owners are unaware of the options other than selling up.

Management buy-outs are not just highly publicised breakaways from public ownership. They can also operate on a much smaller scale, giving a company owner the opportunity to pass his business

on to managers - often family members - who understand the objectives and principles of the business.

A more recent phenomenon - one which is a legacy of the enterprise culture of the 1980s - is the management buy-in.

A register of more than 200 executives who are interested in buying a stake in an independent business, rather than starting up their own from scratch, has been built by 31. Their expertise in running established operations can often ensure a company's continuing independence and future success.

For Alex Wilson, and Jeff Hughes, both

in their sixties, joint owners of a business and ready to retire, the independence and integrity of the £7m turnover computer systems house, Wilson Hughes - they set it up in 1978 - was assured through a management buy-out.

The company was bought from Wilson and Hughes for £800,000, of which a £300,000 equity was raised by the management team. The four existing directors knew about the day-to-day business operations and had the trust of the 60 staff.

But they also needed the support of an experienced company director to ensure

that growth and independence could continue to reign.

Enter John McCullagh. At the age of 47, he found himself, cash in hand, considering his options, after an amicable departure from the electronics business of which he had been managing director.

Although he had the cash and knew he could also raise sufficient money to start up his own business, McCullagh was not attracted by the idea. "Starting up a new company takes a long time. My age was against me and besides since all my experience was in running established businesses I was not at all sure I would be any

good at it."

Instead, he approached 31 with a view to finding a suitable, established business he could buy into. McCullagh was first introduced by 31 to software distributors Xitan. He teamed up with members of the existing management to buy the company from its parent, Kode Electronics. His share of the £210,000 management collectively raised was £50,000, which he opted to borrow from his bank.

McCullagh now owns 17 per cent of the equity and is the company chairman.

It was McCullagh who introduced Wilson and Hughes to 31. It was an attractive

combination for the retiring partners, who could rest assured that the company they had founded and successfully nurtured was to remain independent - and that its employees knew and trusted the existing management.

Once again, McCullagh has taken on the mantle of chairman and has contributed a £50,000 stake - this time in cash. "This is the sort of money most middle or senior managers could quite easily raise, secured against property or a pension," he says. The finance package was raised, in part by the five-strong management team, plus McCullagh, together with a contribution from 31.

31 Plc, 91 Waterloo Road, London SE1 8XP. Tel: 01-828-7803.

Jessica Alexander

YOU WOULD be forgiven for wondering if a company called Cinderella might be in the delicatessen business.

The Victorian mahogany and glass panel advertising daily arrivals of Normandy and Brittany butters is an original feature of the company's building, next to the railway, and it often excites local Sydenham, Kent, historians.

Cinderella kept the panel as a feature when it took over the premises last year, completely refurbishing it with a £20,000 Business Development Loan from the National Westminster Bank.

The rest of the office is modern and business-like in contrast to the old building. The fax and photocopier do double duty for passers-by and other local businesses who want those services.

The attractive high street offices are actually part of a long-term strategy to take Cinderella into the next phase of business development. It is preparing to launch the children's and domestic services side, which started eight years ago as a franchise.

It was the frustration of not being able to find a workable combination of jobs and childcare to make going back to work an easy option which inspired three young mothers, Wiseman, Liz Rowland, and Selma Pickup, who have since left, to set up an agency in the first place.

Each of them borrowed £100, which they paid back after the first month, and Cinderella was born in a front room.

The system they came up with was a membership scheme for clients, who each paid an annual fee of £5. For this Cinderella would introduce any domestic or childcare help required - from a baby sitter to a full-time nanny, a

Cinderella: a domestic help

daily cleaner, plumber or gardener. Once the initial contact was made, it was up to the members to pay direct.

Today, Cinderella has around 400 members who pay £100 in their first year and £75 if they renew membership in subsequent years. Some clients have been members since the beginning. Membership fees account for roughly 25 per cent of turnover.

A live-in nanny might get £70 a week, a daily nanny is paid £150 net. The quoting of net fees is typical in the nanny business. "That's the only figure they want to know," says Rowland. For the first couple of years, while they built up members, initially through friends and then through advertising and attending working women's groups,

working from the front room sufficed. Turnover in year two only amounted to just over £5,500. Moving to an office when the need for more space and a more permanent arrangement became irresistible gave business an enormous boost. Turnover has doubled from £33,000 to more than £70,000 in the last two years. "We found being office based gave us more credibility, especially when we were interviewing potential nannies for our books," says Wiseman.

At the same time Cinderella became a limited company. "We're all married and the risk, if anything went wrong, of it encroaching upon our private lives and affecting not just the three of us but also our husbands, was too great."

The franchise package has been drawn up with typical thoroughness. "There are companies who do the franchise package for you - but we felt they were a bit too hard-sell for us," says Wiseman. "We used our own solicitor."

Apart from their share of the turnover of each regional Cinderella operation, Wiseman and Rowland also view the potential for a Cinderella money network which would be the £1,000 capital backing needed in order to qualify. But she never used it. "I was scared of getting into debt which I could not pay off," she says.

She made her business plan as broad as possible. Calling herself a woman business plan Friday, she listed all the things she had done during her marriage - driving, shopping, cooking, cleaning, ironing, gardening, typing letters, generally being organised. Being

All this is done with a surprisingly small staff: two part-timers, a freelance bookkeeper and the occasional temporary help when it is needed.

With eight years' experience under their belts, Wiseman and Rowland felt ready for a new challenge. The franchise concept was an obvious way of using their know-how effectively - and, according to the accountant, a venture which could very quickly bring in a clear £20,000 profit.

Franchisees are seen by them as the ideal way of expanding the business without too much capital investment. "Because it will be their own business, we think the franchisees are likely to be more motivated than branch managers, anyway," adds Wiseman.

The company hopes to have the first three franchises operating by the end of the year. It has already had inquiries from Cornwall and Scotland.

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■ Cinderella Ltd, 223 Kirkdale, Sydenham, London SE26 4QB. Tel: 01-876 0917.

J.A.

A professional girl Friday

PENNY DEARING'S frustration with the attitude of employers towards women whose only training has been years of running a home and organising a family will find many a kindred spirit.

In her case it has spurred her to become a professional girl Friday.

"You would think 20 years' experience of life was good competition with any school leaver," she says. "But it seems the skills of wife and mother are little valued in the business world."

Dearing was faced, at 46, with the challenge of making those skills worthwhile, when her marriage ended after 19 years and forced her into the deep end as the breadwinner for herself and two sons.

Initially that meant claiming social security. But she was determined that would not be a permanent solution to her finances.

The Enterprise Allowance Scheme caught her eye. It paid £40 a week for the first 12 months, if you had been unemployed for 13 weeks or more and had an idea for your own business.

Dearing's National Westminster branch caught her eye. It paid £40 a week for the first 12 months, if you had been unemployed for 13 weeks or more and had an idea for your own business.

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She now places a lot of faith in her accountant. "Getting an accountant was one of the best pieces of advice I had in that



Penny Dearing of Girl Friday, Boreham, Surrey

short post-graduate courses at Imperial College, London. But she had not worked outside the home since.

She admits she knew little about business when she first started, two and a half years ago. "My working experience before, even though I was in education and I quickly discovered the difference."

Too nervous of what she had to offer, she did not advertise her Girl Friday services. Instead she circulated her business card around friends and acquaintances.

"The jobs were all pretty mundane at first - walking dogs, cleaning, ironing, that sort of thing." She would check the local paper, look at the cards in the window of the post office, and then a few agencies, to get an idea of the going rate for each job. "But I tended to undercharge rather than overcharge."

She now places a lot of faith in her accountant. "Getting an accountant was one of the best pieces of advice I had in that

first year."

Her book-keeping consists of recording all her income and expenditure. He works out what's allowable and what isn't. "He's saved me money in lots of ways - for instance, in running my car - simply because I would not have known what options were open to me."

Dearing has been amazed at how quickly the nature of her work has changed for the better. She does very little of the domestic work she started with. Now she works with exhibition organisers, running hospitality suites, does promotion work for companies, and has recently started to escort official visitors to Britain on behalf of the Foreign and Commonwealth Office.

Exhibition work takes up around half her time during the winter months. In the summer the emphasis is more sporty. She is one of the team of drivers for Wimbledon, running tennis stars to and from the tournament and their hotels.

Depending on the job she either takes the given rate or sets her own. It varies between £40 and £200 a day, plus expenses. The more glamorous assignments are not usually the best paid - she will only earn around £200 during Wimbledon this year, for instance. But she acknowledges it will be a highlight in her calendar.

She is never without a business card - "You never know who you might meet or to what business it might lead."

It's a strategy that has paid off. Much of her work now comes through recommendation - and she's willing to turn her hand to most things. A recent job has been over-seeing the furnishing of a six-bedroom house intended for family let.

Since she started, Dearing has invested in a new car and good telephone answering machine. "I learnt the hard way that second hand equipment can often cost you more in repairs than you save."

This year's capital investment is a £495 Amstrad PCW 9512. "I used to have to pop round to one of my clients' office to type my letters."

Having a reliable car has been essential as many of Dearing's jobs require her to provide her own transport. She took out a three-year bank loan for the car, an Austin Maestro which costs her £100 a month.

As for earnings she says: "I don't actually know what I am earning at the moment. But I know that I no longer panic when a bill arrives..."

■ Girl Friday Services, 14 Wellesford Close, Boreham, Surrey, SM7 2HL. Tel: 01737-360527.

J.A.

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For further information please contact:
Gavin Bishop on 01-873 4780 or Sara Mason on 01-873 3308

BAHAMAS

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Nigel Hickman on 01-873 3447

or write to him at:
Number One Southwark Bridge, London SE1 9HL

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BUSINESSES FOR SALE

THE BUSINESS AND ASSETS (AS A GOING CONCERN) OF T&R OWEN LIMITED (IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale as a Going Concern the following assets of the above company situated in Hatfield, Essex. The Company was established in 1950 and manufactures a range of reproduction Regency chairs in hardwoods.

Premises Leasehold 17,000 sq ft
Order Book in excess of £250,000
Turnover £1 million
Skilled workforce of 30+
Woodworking plant and machinery

Interested parties requesting further particulars of the sales package please contact the Joint Administrative Receivers, Anthony Locke or David Seiple at:

BEGHIES, Chartered Accountants
6 Raymond Buildings, Gray's Inn, London WC1R 5BP
Tel: 01-462 6999, Fax: 01-405 0350

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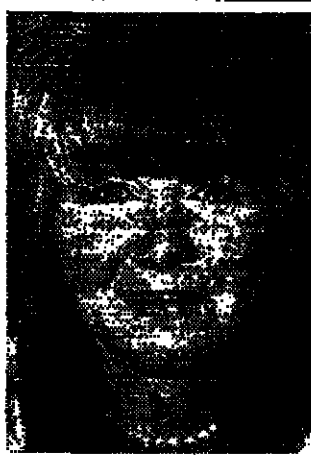
One of the most famous contributors of *Who's Who* entries is the list of 'recreations', written in the subject's own words. Above, Barry Humphries, who lists his recreations as 'reading second-hand bookellers' catalogues in bed; inventing Australia'



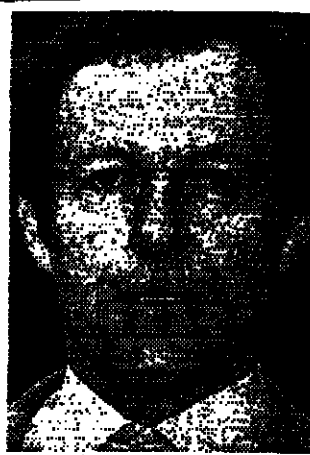
Actress Maureen Lipman: other people's problems, full-time gull



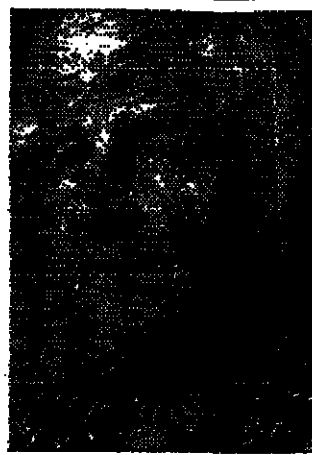
Robert Runcie, Archbishop of Canterbury: owning Berkshire pigs



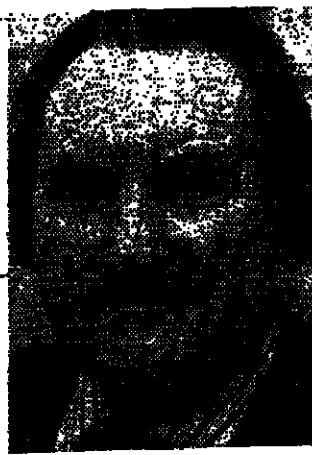
Jilly Cooper: merry-making, wild horses, music, mangroves



Journalist Miles Kington: growing parrots, meeting VAT people



Writer Naomi Mitchison: accompanying to luncheon



Sir John Harvey-Jones: driving one of his cars



Writer and director Dr Jonathan Miller: deep sleep

The what's what of Who's Who

Melanie Cable-Alexander unveils the secrets behind one of the world's best-known publications

CAMERAS have been allowed into the Supreme Court. The KGB has gone public. East Germany's Secret Police - no longer secret. But at number 32 Bedford Row, headquarters of one of the world's best-known reference books, the door remains shut. For this Queen Ann building, set in a quiet London side-street, houses one of the best-kept secrets in Britain.

Who's Who is run by women. From its foundation in 1897 this register of the male-dominated Victorian world had to guard its secret for fear of losing all credibility. However, times have changed and *Who's Who* has had to move with them. Whereas in the past it has played hide-and-seek with cameramen who even tried to film through the windows, *Who's Who* is now letting the public in.

But it still isn't easy. "I want to speak to the editor," I said. "There is no editor," replied a cosy female voice at the other end of the telephone line. "Well, can I speak to whoever is in charge? There isn't anyone in charge," said the voice. "Why don't you come and talk to me, dear?"

Once inside I was greeted by a small team of middle-aged women sitting behind desks piled with chaotic hillocks of files and giggling over the book's entries. Seemingly at a loss to know what to do, I asked for the name of the person in charge. "I'll tell you my name," she said politely, "but I would be grateful if you didn't print it."

Who's Who started in 1849 as a sparse list of eminent people - judges, peers, archbishops, generals, members of the House of Commons - said the voice.

In 1896 it was bought by its current publisher, A&C Black. In 1997, details of education, publications and recreations were added, a format which has remained unchanged for nearly a century. For the first three years it had an editor, Douglas Sladen, until he fell out with Black's then chairman. From then on *Who's Who* was run without a named editor - and by women.

I think we did have a man in the office once," my informant said, "but it's the type of job that suits women."

Who's Who has always been controversial: it has been accused of being a reference book for snobs, as exclusive as a gentlemen's club, and of operating the ultimate old-boy network.

Many who fail to get an entry feel they are the victim of a calculated snub. Why do so few journalists find their way into *Who's Who*, asked P.J. Kavanagh in the *Spectator*, "whereas not very productive poets and experimental novelists are to be found there, basking?"

Some will go to any lengths to get in. Like the Rolling Stones who, at the height of their popularity in the 1960s, sent their agent to demand an entry. "Good heavens, no," was *Who's Who's* response. "Who knows, they might be barrow boys next week." Later that day the agent sent round a barrowload of flowers. *Who's Who* now wants to give Mick Jagger an entry but he refuses to supply his details.

There are also those who will go to any lengths to stay out, because they believe that *Who's Who* represents all the things about the British Establishment they despise. The left-wing MP Tony Benn (the former *Who's Who* contributor) tried to wind up his entry down to "Tony Benn, MP."

"We had to negotiate with him heavily to

persuade him to extend it," *Who's Who's* leader Arthur Scargill persistently refused an entry, but during the miners' strike of 1984/5 when *Who's Who* felt he was too notable to be ignored. The team compiled his entry and took his failure to reply to their letter as an acceptance. The entry caused a "great kerfuffle," according to the *Who's Who* woman. Scargill's secretary commented: "All I can say is that he was very cross."

Laurie chairman Tiny Rowland has refused to be in. So has journalist Bernard Levin, a firm anti-*Who's Who*. Levin was said to be "far too busy" to talk about his

"Once when I was in Khartoum, I was grabbed by the presidential guard outside President Nimeiry's palace. I protested that I had an appointment with someone in the government and was only trying to find him. They took me to an office where I was left waiting to be checked out. *Who's Who* was on the official's desk. I asked him to look

me up, hoping against hope I was in it. He smiled in disbelief but I insisted that he look up the name in my passport, and there I was! Suddenly there was a reception committee, red carpet, drinks, the lot. *Who's Who* has its uses - but it is a dreadful nuisance."

Deciding who is distinguished enough to be included in *Who's Who* also calls for sensitive judgments and each new edition is criticised for the people the team has

Admittance can be achieved in two ways. Automatic invitations go to MPs, High Court judges, senior civil servants,

living with another woman. "She was most insistent that her partner was put in so we had to agree to it. But shortly after we included the entry the couple split up, so we eventually settled on 'Lesbian relationship with Wendy Butlin 1982-1976'."

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vanities and personalities. All entries are autobiographical and, as with a CV, the sections that are left out are often the most revealing. "We noticed that Anita Brookner kept changing her date of birth. This went on for a while until someone spotted this and there was a big outcry," Brookner retorted by removing the offending information.

The famous are also prone to leave out ex-wives - veterans of three or four marriages will reduce them to one or, if feeling brave, two. "This causes great antagonism with ex-wives," says the *Who's Who* team, "and on some occasions we have had distraught ex-wives storming into our office demanding to be reinstated." Some also like to change their recreations every year to make sure their public is keeping tabs on them - "MPs are fond of this one."

However, recreations are subject to the influences of time and fashion and have changed enormously over the years. Whereas Mary Archer self-consciously writes in the 1990 edition that her favourite recreation is "picking up litter," in 1897 Sir James Frankfort Manners Browne spoke of enjoying "all kind of field sports" and wrote with pride that he "hunted the buffalo on the plain of North America." It would take a brave man to write that now.

But even if the living are allowed to edit their lives, the real story can eventually be found behind the entries in *Who's Who* - the eventual burial ground for people who have had an entry in *Who's Who* which is published once every 10 years. In this volume, white lies are laid low and the truth is made whole again, because at that stage "they won't know a thing about it."

Back to School

Rugby bows to the gentler sex

Max Wilkinson finds elitism out of fashion at his former school

ON A GLORIOUS spring morning, with Wistaria blooms streaming from New Big School, and opposite, a profusion of pale pink Clematis Montana climbing the wall of the headmaster's garden, that garden which Thomas Arnold so delighted to walk in 150 years ago - on such a day it seemed churlish to recall the asperities of Rugby School.

Yet it was at that very spot, 30 years ago, near the old gatehouse in Lawrence Sheriff Street, that Dr Walter Hamilton touched me on the arm, steered me portentously into the forbidden garden and said: "You should know, as head of the school, that I have a tiny expelled XXXX." The boy, it seemed, had been caught in bed with his bag.

He added: "You may think it inconsistent that I, who translated the Symposium (Plato's celebration of homosexual love) for Penguin should take so strong a line against that; but parental opinion requires it."

What kind of man, what sort of school? I wondered, fixed to the spot, then as now, in a whirl of speculation. Years after the event, an old classics master told me that Hamilton - one of the school's finest headmasters - personally secured a place at Cambridge for the singer and invited him to stay with his family at their house in Mull.

The incident shows up the enduring tension between the

liberal intelligence of Rugby's best masters (including eccentricity and brilliance) and the thudding conservatism of the institution and its boys, who used to call each other "Gentleman" and "Gentleman" in the hall, the high magic casements opening on the world of Donne, Marvell and Henry Vaughan. The yellowing anthology still stands above my desk, a testimony to inspired teaching of the older style. I turn to the Vaughan poem, which we learn and parse: "Happy those early days... But were they so?"

Rugby, at that time was one of the world's great schools, serenely confident of its academic and socialising virtues. But happy? It was not a cosy place for someone like me, a dilute socialist, from a dissenting, pacifist background; it could be terribly miserable for some of the weaker boys, especially if a Jew or an "intellectual" clumsy at games, or indeed for anyone who failed to conform to the claustrophobic House culture set by the boys for the boys, followed by the tradition of OR forebears and fixed by ritual and old nomenclatures. The swimming pool is still the Tosh. The Stodge is

where they buy their crisps and Bigside stands thank goodness where it did on The Close, that corner of green Elysium between the chapel and the Island, a wooded hillock where rebelled the discipline of the armed militia.

How has it changed? The prison architecture of Michell, my old house, is scarcely ameliorated by lighter paint, although the iron gate which sealed boys into the dormitories has gone and dorms have been reinstated in the Topos (lavatories). The old "raping parties" into the small boys' dorms (mostly quite innocent) are now merely pranksters' raids.

So it seems the boys are still fiercely guarding their traditions, which in the 1950s, were far closer to those described in *Tom Brown's Schooldays*, than was often believed. Fagging and the beating of boys by boys have disappeared along with the admission of girls into the upper forms. Everyone says the civilising effect of girls has greatly weakened the homosexual culture which was a powerful, if largely platonic, even romantic, force in many houses during the 1950s. However, the governance of pupils by pupils with a hierarchical system of house prefects and a school levée, is similar in form to that established by Arnold in the 1830s.

That system gave boys very wide powers over their fellows within the framework of rules and tradition. Michael

McCrum, former teacher at Rugby, a head of Eton and now master of Corpus Christi College, Cambridge, and a governor of Rugby, says in his book that in spite of Arnold's strong moral and religious beliefs, he left the boys to supervise each other for large parts of the time.

He judges that *Tom Brown's Schooldays* was a fairly accurate portrayal of the boys' powerful sub-culture under that system. Even now, in the "much friendlier more responsible atmosphere," he says there is still a danger that a bad apple (a modern Flashman, perhaps) can blight the barrel.

He believes some modern headmasters could with advantage follow Arnold's tough example on expulsions. But drugs, rather than homosexuality or bullying are now the public schools' nightmare and Rugby has unfortunately had its share in recent years.

The dangers that pupils may abuse power, or simply fail to keep reasonable order, if left too much to themselves seems now to be recognised by many of the staff. John Wassock, for example, a former state school teacher, who has recently taken over at Kilbracken House - transformed recently to a lighter skier place - says he often wanders around the boys' side, to find out what is going on and to chat to the boys.

Although houses at Rugby have always had their ups and downs, it seems there has been a general move towards a more

pastoral style. The green baze door is left ajar. The more diverse backgrounds of staff - only two are now ORs - may also be easing traditions.

Richard Bull, the headmaster, who hands over next year to Michael Mavor the 43-year-old head of Gordonstoun is pleased that the former masculine aggressiveness and philistinism has softened, but adds: "I would like to see Rugby a gentler place."

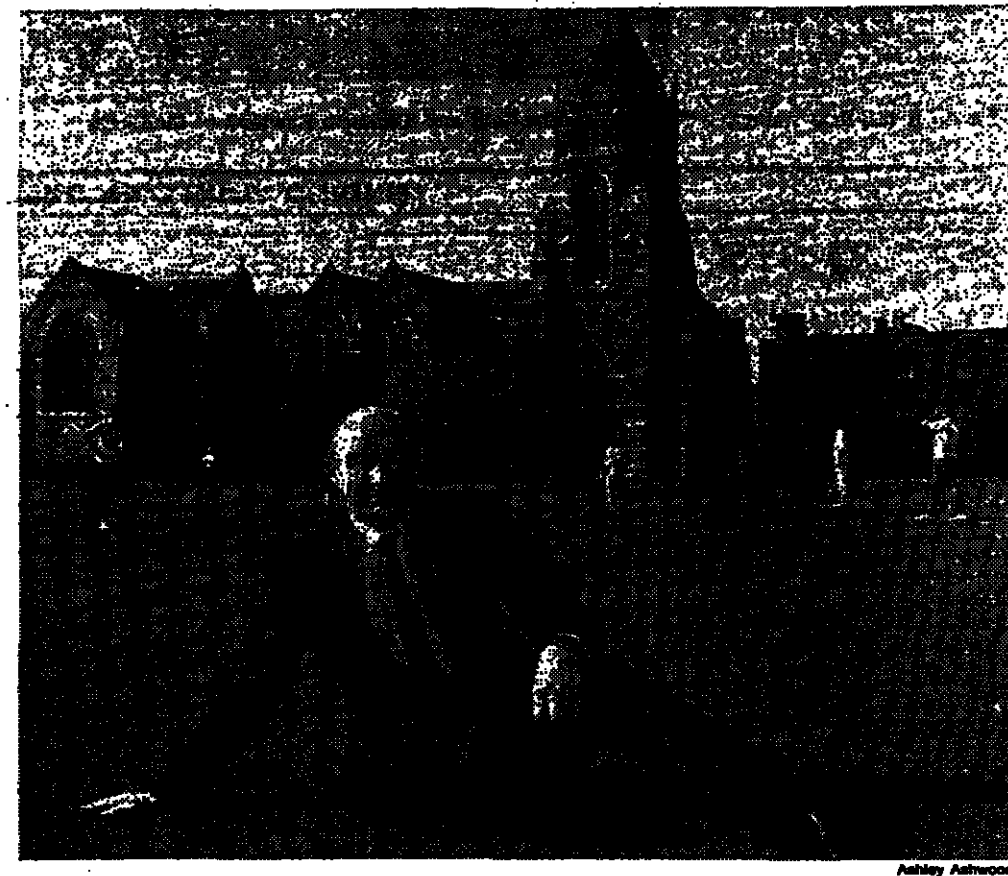
A hand-picked group of sixth

formers agreed that the culture was still rather philistine and anti-academic, with a strong bias towards sports although the standards of music and drama are first rate - as indeed they were 30 years ago.

Perhaps the main complaint of the elite pupils was that, few Rugbians take full advantage of what is offered. "There are a lot of mediocre pupils here," said one girl. Indeed, though A-level results are respectable and the staff I met were all

impressive, you don't hear many people calling Rugby a "great" school these days. It has some empty places.

Bull says a bit defensively that the school compares well with Uppingham and Gouda. But in 1953, when my mother was told the lists were full, she said: "Bursar, do you mean to say that while we are in these parts we are advised to visit Uppingham?" It was not so bad as that, the bursar said. A place was found.



Max Wilkinson, Weekend FT editor, returns to Rugby School where he was head boy in 1960

TOYS BECOME antiques - or, at least, collectables - much faster than more durable objects such as furniture and porcelain. In this week's Sotheby's toy sale for example, there were Dinky toys from 1970. Their original owners may still be in their 20s - no doubt younger than the collectors who will now treasure their forgotten playthings.

One reason for this instant antiquity is the low survival rate of toys, because of the natural processes of infantile destruction. Nostalgia plays a part, too: a lot of toy collectors must be people buying back the memory of playthings they possessed or earned for 30, 40 or 50 years ago. Citizen Kane, after all, remembered to the end his boyhood sledge "Rosebud."

Generations of English nostalgists thrill to the ring of old brand names: Chad Valley, Britains' soldiers, Hornby trains, Dinky toys, Trix, Triang, Meccano. The history of these and scores of other toy makers, along with hundreds of illustrations of their products, is now on record in Marguerite Fawdry's *British Tin Toys* (New Cavendish Books). Fawdry, who founded Pollocks Toy Museum (now in Whitfield Street, London W1) more than 30 years ago, is unrivalled as a historian of toys.

Her knowledge of their industrial, economic and social history is combined with uninhibited pleasure in their fitness as playthings. She feels that collectors

neglect English tin toys in favour of German, French and American imports - even though it was the Cornish tin mines which supplied the Continent, while the first practical process of colour printing on tin plate was developed in this country in 1875 (for decorating Hamilton and Palmer biscuit tins).

The English tin toy industry was ultimately stimulated by the First World War, when German imports were stopped. Wholesalers patriotically advertised toys that were "British made, by British labour and with British material."

The inter-war years were to be the golden age of the English toy industry, although some of the most prominent companies were already established. William Brittain had founded his business in 1945, though it achieved fame after 1988 when it launched its boxed sets of hollow-cast lead soldiers, which were in time to outnumber, as well as commemorate, the fighting forces of the world.

Chad Valley was a real place: the Chad was a stream that ran through the village of Harborne, where an old established Birmingham toy firm, Johnsons, built a fac-

Toys that are too expensive for boys

Janet Marsh on collectors' nostalgia for childhood playthings



A Wells Brinton, post-1922

tory in 1928, adopting the trade name in 1919. Although best known for games and soft toys, Chad Valley went into the metal toy business after the Second World War, specialising in toy cars, spinning tops and seaside buckets and spades.

Meccano was the creation of a home inventor, Frank Hornby, who began to market his construction sets in 1908. In 1920 he began to produce the famous Hornby Trains. Dinky Toys - at first intended as accessories to the model rail-

ways - followed in 1933. One of the greatest British toy empires was Lines Brothers, set up by Walter and Arthur Lines just after the First World War.

In time they added to their own big-selling Triang Toys, Pedigree Soft Toys, Frog (Fries Right Off the Ground) aeroplanes and Hamleys toy shop, and built factories in Australia, New Zealand, Canada and South Africa.

Even Meccano-Hornby finally fell to the Lines Empire. Later success stories included Lesney toys, set up by Rodney and Leslie Smith with Navy gratuities. Their Matchbox toys were triumphantly launched in 1953 with a Coronation Coach. Not one of the old companies survives today in its original form. The last decade has seen the last of them taken over or swallowed into larger conglomerates, such as General Mills of America, which today accounts for a large part of the world's toy production.

Many of the old names have vanished. Meccano is now made in France. Lesney Toys belong to a Hong Kong company. The Chad Valley name was acquired last year by Woolworths. Britains is part of the Dob-

son Industries Group, Bassett-Lowke, associated with the development of the electric model train in the Thirties, has passed through several hands but is still trading after 51 years.

Fawdry does not see all this as particularly significant of changes in children's tastes and habits. In any case, the extinction of the old companies only adds to the piquancy of collecting, putting a premium on toys made when Messrs Britain, Lines and Hornby still personally guaranteed the quality of toys made in Britain.

A week or so ago Sotheby's Chester sale-room sold a collection of toys that a Wirral boy had hidden in his attic more than half a century ago, only revealing their existence on his deathbed. A small lot of Hornby wagons sold to Saudi Arabia for \$1540 and two double-decker buses for \$216.

It is a beano time for toy collectors. On Thursday Christie's South Kensington had a big sale representing most of the English makers. It was particularly rich in die-cast miniatures by Dinky, Lesney, Mettoy and Triang Spot-on toys.

In a three-day sale next week, Phillips West Two devotes most of one day - Tuesday - to model trains and accessories, and Wednesday to Britains' lead models. The rarest of these are perhaps two sets from 1937 - Tottenham Hotspur football team (estimate £200-£300) and A Flying Trapeze (£250-£300).

BOOKS

This ugly England

Colin Amery enjoys a conducted tour of town history

MARK GIROUARD is a gentle pioneer. He has developed the habit of regularly producing new books that gradually popularise subjects long the province of academics or specialists. His book on the Victorian country house was original in that it combined the relatively new interest in Victorian architecture with the British fascination with country houses. It also pioneered the unique brand of architectural and social history that Girovard has made his own.

It seemed natural when he issued his magnum opus, *Life in the English Country House, with Cities and People* that he would apply the same analysis of the influence of human behaviour upon the built environment to the market squares of Victorian towns. It was a more difficult task and perhaps the world-wide nature of the subject made it clear that cities are tougher to deal with than country houses.

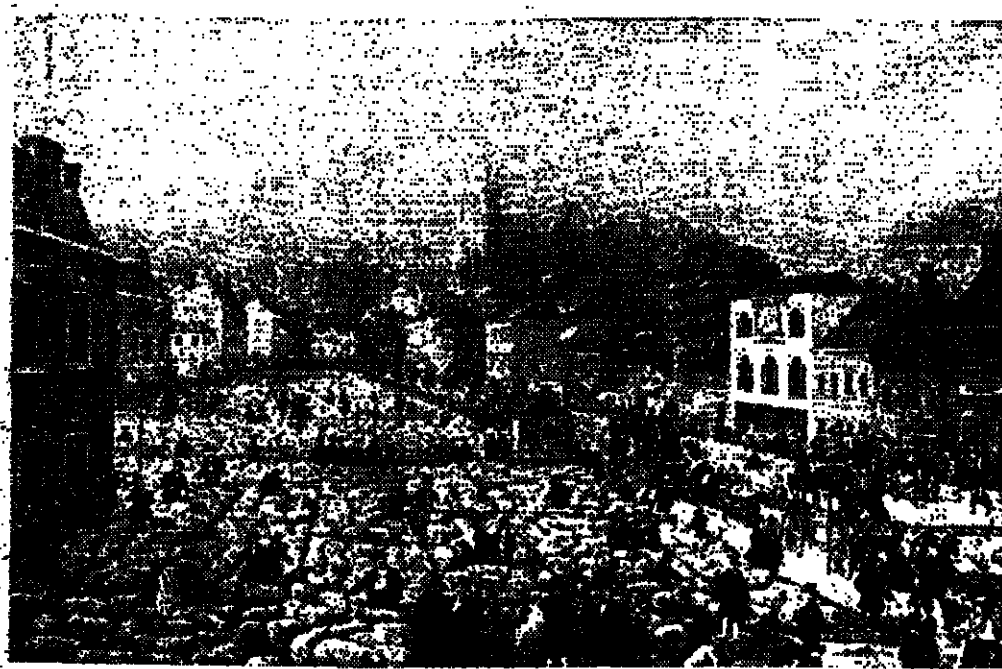
In his new book Girovard has traced the history of English town from the Middle Ages to the present day, but he does not do so in any dreary chronological way. He takes us by the hand through particular subject areas like the market place, the manor and the corporation, which in his first

THE ENGLISH TOWN
by Mark Girovard
Yale £19.95, 330 pages

chapter shed light upon commercial and governmental reasons for the foundation of towns. There are marvellous illustrations in this chapter that show the market squares of towns full of activity, sheep fill the space in Boston; revelers celebrate the coronation of King George IV at rows of decorated tables in Wisbech's market square.

Girovard glides from town to town looking at and learning from the public buildings that remain. He points out that massive overbuilding by local authorities was not unknown in the 18th century. Francis Smith's fine Court House in Warwick was requisitioned for 30 years while corporation meetings were held in an inn.

Girovard's approach to his large subject, taking a substantial theme like water, and tracing its history through a whole range of towns, is risky. It inevitably leads to a high level of intelligent generalisation which makes the book sound more speculative than it really is. Take water, for example: we learn that it affected towns in



A view of the sheepmarket in Wide Bargate, Boston, circa 1840

different ways depending on whether or not it was industrial or navigable water. It takes some mastery of condensation to deal with the rise and fall of ports and the building of canals as well as the aesthetic qualities of waterside development in some of the 19th century. But Girovard pulls it off in two ways. Firstly, he writes with an engaging freshness that allows his erudition to be expounded with remarkable clarity. Secondly, you are always aware that he has walked the streets of all these places and that he savours and cherishes what he sees.

He looks first at the silhouette of a castle against the evening sky and then the wonders with you how and why it was built and used. If you understand the past that is still all around us it gives you

a sense of companionship in your urban life. I like the sentiment that suggests we are surrounded by the emanations of the past. The quietly spoken agenda of this book is worth quoting: "Keeping and understanding the past makes for tolerance; it also makes for creativity, in devising ways of absorbing and adding to towns, for nothing comes out of a vacuum. It is hard to believe that those who made the running in English towns in the 19th and 20th would have done what they did if they had known more about them."

It was D.H. Lawrence who wrote that he thought that the real tragedy of England was the tragedy of ugliness - "the country is so lovely: the man-made England is so vile." It was Lawrence too who complained that the cities of 19th century England were just

amorphous agglomerations: "there is no Nottingham, in the sense that there is Siena."

It was the 19th century that bred both squalor and civic pride on a large scale. This is Girovard's period. He understands the energy of the time that led to industrial towns and glorious places devoted to pleasure and a flowering of civic prosperity. Blackpool and the bright lights, for example, are seen in contrast to the rising gentility of the suburbs. This is a humane book in the new national curriculum. It offers a clear-minded history of a vast subject. No one can disagree with the sentiment that the urban future can only be enhanced if people learn to love their towns and to understand their individuality.

And so to Dunkirk

A 50th anniversary and other war battles

THE BATTLE OF FRANCE: SIX WEEKS WHICH CHANGED THE WORLD
by Philip Warner
Simon & Schuster £16, 275 pages

PILLAR OF FIRE: DUNKIRK 1940
by Ronald Atkin
Sidgwick & Jackson £13.95, 236 pages

armies had critical superiority in morale, military leadership and tactical innovation. In the face of a sea French command, the Nazis had everything going for them.

In detail however the contours of defeat are less definable. The whole war within the war was vastly muddled, on both sides. Nobody least of all the French commanders knew precisely where their own forces were at any given moment, or what they were up to. Counter-orders followed hard on the heels of every order issued, and all orders were generally at least a day late. To add to the confusion, hundreds of thousands of refugees clogged the arterial roads.

Philip Warner, in attempting a summary of events, makes the book sound more speculative than it really is. The various aspects of his narrative fail to gel. Half of him wants to establish a clear chronology, half of him seeks to recreate the flavour of a sin-

gularly diffuse battle-scene. The result is that he keeps backtracking, so that the German progress toward Paris, just like the BEF's retreat to Dunkirk, is always a matter of two steps forward and one step back.

To extricate himself from a mish-mash of his own making, Warner resorts to historical speculation. He concludes by asking what if France hadn't fallen? France and Germany would then have dug in just as they did in 1914, western Europe would have become embroiled and the Soviet Union would have made satellites of us all.

"Perhaps, by collapsing in 1940," Warner finishes off the book with a speculative flourish. "France would have been an Orwellian nightmare. Civilisation may owe France a debt it can never hope to repay. By the same logic, the same debt is owed Britain, himself, for the invasion."

Ronald Atkin's book, geared more specifically at reliving Dunkirk (and published in association with the Imperial War Museum), covers some of the same ground as Warner but less ambitiously and with more success. Essentially a well-crafted, well-researched account of the battle, *Pillar of Fire* sets out to establish the infantryman's view of the hor-

rendous fortunes of the BEF in France.

Quotations figure prominently. Many are familiar, some are not. From the champagne and peaches lifestyle enjoyed by Tommy during the phoney war to the final desperations of Dunkirk itself no anecdote is left unturned. A Belgian woman is summarily executed for "cheating out washing, because it was thought she was communicating with a German plane circling overhead." A Welsh Guards padre, described in his regimental diary as "a born thief," shows the troops how to loot and plunder. One unit holds up an enemy tank advance by half-burying overturned mess-plates in the mud of the road to give them the appearance of mines.

"Again and again what was potentially the British Army's most ignominious debacle is transmuted into something precious and worth remembering. That ultimately it was the dithering of the German High Command that saved us is a fact, as they say, is history."

Justin Wintle

ly convey the essential element in a story of confusion and waste.

This element is Eisenhower's unwillingness to accept that - since Montgomery had been ordered to "wait for Churchill" - to continue punching his way into Germany from the North-West, counter-balancing and to some extent thwarting Roosevelt's "broad front" strategy. A "waiting old person" operated in the West, the Reichswald to the Rhine was imperative. In January the forest passages were frozen, and movement by armoured was feasible. But Eisenhower delayed a decision for a fortnight. By February the forest was a morass, armoured was bogged, leaving the poor bloody infantry virtually unsupported. The German troops, the war well lost, nevertheless fought with their usual determination. British formations suffered the heaviest losses, but the Canadians took severe casualties.

But, as with Jubilee, we should be chary of explaining away the brutality of war by recourse to individual - or national - characteristics. Wars, bloody though as it stands, as the Whitakers have done well to remind us.

Anthony Verrier

The tragedy of war

UNAUTHORISED ACTION: MOUNTBATTEN AND THE DIEPPE RAID 1942
by Brian Loring Villa
Oxford £15, 314 pages

RHINELAND: THE BATTLE TO END THE WAR
by W D and S Whitaker
Leo Cooper £17.50, 422 pages

finned to Dieppe or North-West Europe is reflected in the fact that a sea French command, the Nazis had everything going for them.

But little is gained in historical analysis, and the book is of personal interest to those who assume that the Commanders in question regarded Canadian troops as more readily expendable than their British counterparts. The only historical question of lasting importance is of the Dieppe Raid, which was committed to operations which, at the time, were seen as fraught with quite exceptional hazards.

Jubilee demands the closer attention, not only because of the Dieppe Raid, but because Professor Villa not only asserts that it took place at Mountbatten's insistence, but that the Chiefs of Staff were unaware of what this unadvised favourite of Churchill's actually had in mind. It must be said at once that

Professor Villa fails to make his case against Mountbatten, despite painstaking research and a valiant determination to see the latter in the round. There is no difficulty in demonstrating that Jubilee was a first class mess. To take but one example: Hinsley's British Intelligence in the Second World War revealed, with chilling detachment, that intelligence about the German order of battle in the Dieppe area was distributed sparingly. This selective distribution was deliberate: to commit

weak, insufficiently trained forces to a precarious frontal assault against strong defences, and to do so without supporting naval or air bombardment, reveals that Churchill and the Chiefs, rather than Mountbatten, were following old precedent. The "waiting old person" operated in the West, the Reichswald to the Rhine was imperative. In January the forest passages were frozen, and movement by armoured was feasible. But Eisenhower delayed a decision for a fortnight. By February the forest was a morass, armoured was bogged, leaving the poor bloody infantry virtually unsupported. The German troops, the war well lost, nevertheless fought with their usual determination. British formations suffered the heaviest losses, but the Canadians took severe casualties.

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The novelist as reviewer

Anthony Curtis welcomes a collectable collection

MISCELLANEOUS VERDICTS: WRITINGS ON WRITERS 1946-1989
by Anthony Powell
Heinemann £20, 501 pages

A few longer pieces are included that originally served as introductions to books, one on Aubrey's *Brief Lives* and one on three novelists of High Society, Doreen, C.A. Lawrence and Quilley. It is towards minor, once famous but now neglected, figures of this kind that many of Powell's preferences lie and about whom he is especially illuminating. Another such is Surtees. He makes out a good case for him as "a writer of rare and powerful gifts, to whom justice has never properly been done." In contrast to Dickens whom Powell says "never really got the hang of the upper classes," Surtees at his best "gives far the most convincing picture that exists from early Victorian times of dukes, ostlers and a hundred other types."

The upper classes, in the very broadest sense as a phenomenon of social history, are a continuing Powell pre-occupation. Some readers may find a little tiresome the whole section of reviews of books on genealogy, lineage, pedigree, the House of Lords, but even

when he is riding this particular hobby-horse, Powell is never less than interesting. He finds a characteristically English love of paradox in the title *Burke's Landed Gentry* since a large proportion of those listed though they may still live in the country and own a few acres are certainly no longer 'landed' within the former meaning of the term; while 'gentry', if not entirely outmoded, has become in the contemporary world an awkward word to use indiscriminately.

Powell has a section on "My Contemporaries" among whom he includes Kingsley Amis and V.S. Naipaul (otherwise he almost never reviews contemporary novelists), and there are further sections on "The British and The Americans" and one, naturally, on Proust and Proustian matters. Apart from the great Marcel, the Swiss diarist Amiel and something on Svevo, there is disappointingly little on European literature. And yet Powell is certainly not a literary Little Englander. In *The Valley of Bones* section of *The Music of Time*, David Penistone is reading Alfred de Vigny's *Servitude et Grandeur Militaire*, a key-book in the novel: it is sad therefore not to find, as one had hoped, an essay on it here.

However the book is satisfyingly rich in many areas. Powell is a quiet, well informed and perceptive critic whose reviews stand up to re-reading despite inevitable overlap between those on different aspects of the same author, and they even survive the *Telegraph's* time-honoured policy of very short paragraphs. No doubt on the *Daily Telegraph* books page that Powell served so diligently for so many decades there were people behind the scenes, giving him directions and deadlines, seeing he got the right book at the right time, checking his copy when it arrived, and fitting it on the page, the ground staff for this long and distinguished innings. A brief acknowledgment of their labours in the introduction would not, as Powell might say, have been inappropriate.



Anthony Powell: a harvest of literary journalism

Fiction

A plummet to earth

SPLITTING THE ATOM
by Stephen Amidon
Bloomsbury £12.99, 310 pages

THE DWARVES OF DEATH
by Jonathan Coe
Fourth Estate £12.95, 198 pages

BILLY BAYSWATER
by Nigel Watts
Hodder & Stoughton £11.95, 154 pages

LEE'S GHOST
by Petronella Pulsford
Constable £11.95, 138 pages

family bonds, match) are over-length and portentous.

The author does not seem to appreciate that detail can be a deadly symbol can be submerged under supporting evidence which, in this case, should have been suppressed by rigorous editing. Too much leaden description seems to be out of that first undergraduate novel which everyone writes. Good first novels are not rare: it is the follow-up which usually poses problems. In this case, I suspect the second will be better.

Jonathan Coe's third is a lively romp but an unconvincing thriller set in the world of unsuccessful pop bands, demo tapes and demonic murderers. William and his disorganised group (good, pawky, deadpan humour here) are working on a new single; William is in love with remote Madeline He witnesses an appalling murder; there are druggy connotations; the minimal plot doesn't so much thicken as trickle. But there are moments of disenchanted wisecracking about

the awfulness of London, the dreariness of council estate life and the pervasive yobbery of the times which had me laughing out loud.

The sickly state of this society is handled far more seriously and passionately by Nigel Watts, whose *tour de force* account of the life of a mentally retarded, homeless young man who has slipped through the social security net could have been embarrassingly mawkish, told as it is in the words of Billy himself. Technically, it is an impressive feat. Emotionally, it is a marasmus: *Little Dorrit* rather than *The Sound and the Fury* of novelists who have ever been to a magistrate's court in this civilised city, anyone who has ever walked over Waterloo Bridge or been at Euston late at night, will know what Watts is trying to do: it is unashamed emotional blackmail, but it is also a tremendous imaginative triumph and should be read by anyone who still thinks that all homeless people are blunders.

Petronella Pulsford's study of obsession, contains some nice writing and acute observation of the way that the mind works under the stress of separation and deprivation. Lee is continually haunted by the appearance of her ex-lover. What begins as an interesting but unconvincing disruption resolves into an explicitly fanciful resolution rather than the much more interesting uncertainties of psychological disarray. But there is economy and insight in the episodes where cooking and cleaning the house co-exist with fantasy and obsession; that movement from the practical to the disturbed undergone by those fighting loss.

Mary Hope



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Nicholas Woodworth

THERE ARE two traditions in African travel writing - the heroic and the ludicrous.

The first, inspired by the Livingstones and Burtons of the last century, dictates that travel in Africa isn't worth a lick unless it defies death a dozen times a day. If the tope-hatted adventurer isn't dying of thirst, runs the Rider Haggard line of reasoning, something is wrong. Attack by large animals with sharp teeth is equally commended. So are close escapes from hostile natives, debilitating attacks of dysentery, and abandonment - preferably in a waste of quivering - by evil and treacherous guides.

The second school, a reaction to the first, is equally exaggerated. In a style perfected by Evelyn Waugh, it transforms the entire continent into a comic theatre for odd encounters and ludicrous sit-

uations, witness William Boot, the uninitiated foreign correspondent in Waugh's *Scoop*, sent to Africa loaded down with inflatable canoes and a supply of forked sticks for sending dispatches. Africa, in this view, is a place we shall never understand and should never have tried.

Both types of writing provide entertainment, but neither gives us much of what it is really like to travel in Africa. In *Malaria Dreams*, Stuart Stevens does just that. In combining the perils of the continent - they do exist - with its infinite potential for comic surprise, he gets the best of both traditions. And more important, in doing so, he gets closer to the real truth.

Accompanied by a 23-year-

MALARIA DREAMS
by Stuart Stevens
Simon & Schuster £14.95, 236 pages

old female companion the author sets off from equatorial Africa in a wheezing and battered 4-wheel-drive Land Cruiser; four thousand miles of potholed roads, bumpy tracks and desert wastes eventually lead him through West Africa and across the Sahara desert to Algeria. Stevens runs into plenty of adventure, but the problems are not of the old-fashioned type; there isn't a word of crocodile-infested rivers or murderous tribesmen.

In fact, there is only brief mention of what are commonly perceived as the present-day

perils of Africa (famine, war, pestilence, disease and crime). The real threats to survival on the continent, as Stevens discovers, are logistical and bureaucratic. Hardly a day goes by without the travellers finding themselves in dire need of an object that is unobtainable. It may be a map, or tuned food, minor articles taken for granted in the West suddenly assume life-or-death importance and entail a week-long wait or a 500-mile detour.

As Stevens notes, "It is always the little things mucking everything up in Africa. The lack of trucks to distribute food or the proper stamps on a piece of paper to allow the trucks to leave or a working telephone to call the right person or not enough spare tyres

or oil filters or wrenches. It was the wrenches that did us in."

Worse than African logistics is African bureaucracy. The African functionary has control in almost every sphere of life, in matters of travel the word of petty officials is absolute. Stevens is quickly taught that there are two methods of doing business with them, the official one, and the one that works. "The way to get anything done, he explained, was through back channels. This person who is the friend of another person who has a cousin in this office, that's what counted. Family, friends and - he smiled - 'of course, money'."

Searching for spare parts in the Sahara and playing dangerous games with every corrupt customs officer and greedy policeman in sight does not sound like a lot of fun. Reading

ARTS

Dry season down on the Riviera

CONVERSATIONS at Cannes are strange things. Small talk effervesces like champagne bubbles for minutes on end. "Have you seen the new Godard/Taviani/Fellini?" "Did you know Arnold Schwarzenegger/Jane Fonda/Cheech and Chong are in town?" "What's your tip for the Palme d'Or?" "Where can I get a *Rabid Grapes* T-shirt?"

But forth from this high-headed fizz rise graver unspoken thoughts. Every Britain's mind this year seemed to beat the same think bubble. "Only three/two/one days to that movie about Northern Ireland. Wonder what it will be like."

Wonder no more. Ken Loach's *High Hopes*, after one of the longest publicity build-ups in British film memory (plus a furore-a-minute campaign in British newspapers), has finally hit the screen. And where, oh where, is the impressive thing we were all expecting?

This feature-length drama, set in Belfast in the early 1980s, begins with high promise. An international inquiry team winding up its stay in an American manner (Brad Dourif) is shot dead on an Ulster country road while driving to one last rendezvous; misinformation is swiftly given out by the police, and the victim's widow (Frances McDormand) helps a top cop (Brian Cox) to start the investigation. Is the IRA involved? Or the RUC? And are there conspiracies within conspiracies? Yes, indeed. Jim Allen's script starts like a supercharged Wednesday Play, fuelled with colour photography and moody electronic music (Stewart Copeland). Deftly plotted, the early scenes give us a movingly harrowed widow (the splendid McDormand) and a grim canny in the manner between Cox's bullheaded investigator, veins lined with dynamite, and Jim Norton's Ulster police chief, trying to cover up everything in sight.

But heaven help us after an hour we hit the same old Conspiracy Zone. Instead of a

continuing a story, in which a little local difficulty distils a giant socio-political impasse, Loach and Allen go for the omnibus conspiracy scenario. Come the last reel, Tony's wife (a smoke-filled room) are wheeled in to confide their wicked secrets to Cox, all the way from Irish shoot-to-kill policies to Wilson-topping campaigns. The CIA and KGB are added to an alphabet soup already thick with menace. And the whole dish is served up hopelessly overcooked: rather than pasty with Irish question percolation.

More on Loach's film when it comes to the UK. But it reminds us that British cinema seldom looks less convincing than when trying to imitate our plangent national temperament into revolutionary passion. Witness also Ken McMullen's *1871*, premiering at Cannes. This spends 100 minutes trying to turn a feeble Brechtian underdog about the days of the Paris Commune into incendiary satire. Jolly photography; pretty pantomime-style sets; but an infantile script and a tendency to stoke the story's dying flames with endless repetitions of the Internationale.

After this film - "Oh What A Lovely Commune" by another name - a relief to turn to Italy's Taviani brothers. They do picture-book things like a supercharged Wednesday Play, fuelled with colour photography and moody electronic music (Stewart Copeland). Deftly plotted, the early scenes give us a movingly harrowed widow (the splendid McDormand) and a grim canny in the manner between Cox's bullheaded investigator, veins lined with dynamite, and Jim Norton's Ulster police chief, trying to cover up everything in sight.

But heaven help us after an hour we hit the same old Conspiracy Zone. Instead of a



Charlotte Gainsbourg in the Taviani brothers' magisterial *Sun Even At Night*

stop the heart with a perfect, dazzling image. A tree spilling a white petal on a boy's hand; a silver curtain of rain slicing across the night sky and into the earth like a violent benediction.

Midway through Cannes 1990 there is need for more, much more, of this visual élan. Many of us critics, like sheep turning their backs on a barren corner of the meadow, take time off from the official events to head for the juicier grasslands of the Market. Here grow movies with nutritious titles like *I*

Nigel Andrews finds great films are in short supply at Cannes

Walk With Murder and Nymphs Barbarians In Dinosaurs Hell (sic)

Here too you might find a true curiosity such as Benoit Capra's *Mindwalk*: a three-hander in which Liv Ullmann, Sam Waterston and John Heard play a scientist, a politician and a poet who bump into each other in France. They wander round Mont St Michel discussing for 90 minutes - I kid you not - sub-atomic particle theory, Cartesian philosophy, the painter Turner, the ozone layer and the future of the Universe (among other things). What blessed madman bankrolled

this film? There is no plot, nought but talk; but high-order talk and high-order acting. My secret hunch is that was sponsored in a missionary gesture either by the Green party or by the estate of the late Albert Einstein.

Back in the competition, it is day eight and we pray for a masterpiece as if for rain. Occasional droplets from heaven do not count: as in the stray poetic moments in Gleb Panfilov's pre-revolutionary - Russian historical epic *The Mother*. Spanning 12 years from 1892 to 1904, this is a three-hour bid to press Maxim Gorky into the service of emergent Marxist Leninism. Yes, I too thought Down with the Tsar! movies had gone out with Gorbachev. But evidently not.

Nor, as we pray for rain at Cannes, do gentle showers count: such as *Idrisa Ouedraogo's A Question Of Honour*. The film-maker from Burkina Faso, whose burnished folk tale *Yaba* came to Britain last year, creates a wry, gossamer tragedy in the tale of two lovers eloping from the girl's impending marriage to an older man. But whether to elope? There are few hiding places in the desert, a wilderness of tawny grass, copper earth and trees like agonised hand gestures.

Doom beckons. But the film's slow, staccato pulse is hypnotic. And so is the precise

comic gravity of the acting (mostly by members of the Ouedraogo family) and the director's flair for building mud-hut villages into a timeless geometry of colours and shapes. So, yes, we have had good movies here at Cannes. We still await, however, a great one.

But most film festival news is dwarfed by the report, just announced as I write, of Jim Henson's death. The man who created *The Muppet Show* also revolutionised animated modelwork on the screen. He gave us films as diverse as *The Black Crystal*, *Labyrinth*, *Teenage Mutant Ninja Turtles* (hurting into the box-office record books as we speak) and the Muppet movies themselves. His ingenuity at creating endearing, enduring creatures made him an heir apparent to Walt Disney. So no surprise that that studio recently bought up Henson and his company, in a bid to enrich their own menagerie (M. Mouse, D. Duck and Co) with Henson's moneysplimming monsters.

As a fully paid-up member of the Muppet Appreciation Society myself, I rue the thought that Henson is no longer about to create his fantasy creatures. Nor to translate those of others (like the Ninja turtles) into fully-rounded movie life. Nor to voice - for he did - the glibly enthusiastic of that most lovable of all amphibians, Kermit the Frog. *Vale*.

Unimposing Onegin

WHEN AN opera company from overseas brings its own chorus and orchestra faces the task of adapting two productions to an open stage as well as the hazards of transport, the chances are that they won't both reach the same standard.

In Thursday's *Eugene Onegin* in the Dome the Polish State Opera of Poznan fell below Tuesday's *The Black Mass* by about as much as Chalkovsky's lyrical masterpiece stands above Penderecki's melodramatic shocker. The programme named a director, Janusz Nyczak, in place of a producer. This and the sometimes makeshift appearance of the platform suggested conversion of a staging not exactly new.

Soloists and chorus (whose fresh and vital singing was the most enjoyable feature of the evening) made full use of the big forestage. For much of the time the stage proper was occupied by a garden temple more suited to outdoor scenes than to Tatiana's bedroom. There was a striking, simple set for the St Petersburg ball-

room with tall, black-shrouded windows and solemnly magnificent black and green costumes (designer Joanna Janowska).

The Tatiana, Gabriela Klimek, presented the desperately shy girl - saucer eyes and hunched shoulders - of the first two acts with charm but too little projection in the quieter phrases. Her transformation in the last act into a collected but still deeply emotional woman was unusually convincing. Jerzy Machlinski, as Onegin, looked and sang well without catching the full flavour of his insufferable superiority in the first part or his remorse in the second.

There was a good Olga from Urszula Jankowiak and a positive Larina from Ewa Werska, who sang the harrowing in Penderecki's opera. As Lenski the tenor Kaludi Kaludov has an easy, ringing top which should serve him well when he conquers uncertain intonation. His aria was not helped by unwise production - a Death figure and a waiting Olga in the background. The best singing came from the physically as

well as vocally imposing Prince Gremin, Radoslaw Zubowski.

One suspects the hand of the choreographer Henryk Konwinski in the clear distinction between the jollity of the informal dance at Larina's and the stately gloom of the city ball. Once again we were reminded, most notably in the Polonaise, how little Western corps de ballets convey of the proud deportment of Slavonic national dances. The Poznan orchestra, again under Mieczyslaw Dondajewski, was not so responsive this time. Chalkovsky's Mozartian clarity reveals everything. Both evenings enjoyed the substantial support of the Polish Ministry of Culture, subsidy from the Sainsbury Family Charitable Trust and "special assistance" from Visiting Arts and the British Council. All of which makes one wonder whether it would occur to this country, if it were as troubled as Poland, to show the flag in this way.

Ronald Crichton

This bright beauty

IN LESS than three years with the Royal Ballet, Darcy Russell has laid claim to the most serious attention as an artist. Her gifts are clear: a lovely and long-limbed physique; a technique where assurance is matched with a brightness in attack that cuts clean dance-shapes. Allied to this, and quite as important, is her evident willingness to trust choreography, finding in it the reason and justification for her interpretation: her dancing, for all its grace and wonderful resource, looks honest and uncorrupted by artifice.

As her companions, Antony Dowson and Bruce Sansom were very fine. Dowson has the maturity and masculinity essential for the Man (like his deeply-felt Rudolf in *Mayring*), we see him as a dramatic dancer able to convey the interior life of a role; Sansom manages very well the sharpness, the sense of the inevitable, that mark every move by this "Eternal One". The supporting cast was, I thought, excellent.

The evening had begun with another ballet calling for maturity of feeling. The role of Natalya Petrovna in *A Month*

in the Country depends on charm, capriciousness, a lovely woman stooping to folly and the ennuï implicit in the play's title. It was made for a great dance-actress, Lynn Seymour, and her every successor in the role has found a way of exposing the gusts of passion, the regrets for the passing years and the sudden temptations of a late flirtation, that are the heart-beat of the action.

Every successor, that is, until Tuesday night, when Sylvie Guillem played Natalya Petrovna with a chill and automatic precision that stifled that heart-beat. Guillem looked too young for the part; worse, she missed all the emotional eddies that inspire the choreography and touch every character on stage. It was good to see Anthony Dowson still dancing as Belyayev's dances and of his charm - the scene with Rosalyn Whittan played by both artists - but without a responsive Natalya, the ballet is unawakened.

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CATHEDRAL CLASSICS



GARDENING/MOTORING

Life over the garden fence

Robin Lane Fox discovers the moral dimension to garden visiting

IT IS so dry inside the garden that the best resort is to go outside and see how others are coping. Mother Nature has no newly-planted roses or young evergreen hedges. Her buttercups, May trees and young, lush leaves are all we could wish and have never been such a year for horse chestnuts.

Nature is smiling while culture is struggling: it is green over the garden fence.

Until it rains, the way to spend the weekend is in visiting more established gardens whose flower beds are less exposed to drought. One suspicious reader in Hertfordshire has her doubts: "every spring," she writes, "you draw to our notice the new book of Gardens Open on Sunday, but do you ever visit enough of them?"

In her experience, there are about 2,000 too many, with no real claim to horticultural interest but with owners who have an inflated idea of their achievements and (except for charity) no right to charge anyone for wasting a Sunday afternoon among their alps (complete with floral labels) and yellow-variegated maples.

There are two answers to these doubts: yes, I do go visiting, and yes, I know what she means. I, too, have driven 50 miles or more to gardens with ideas above their station.

This very April, a young man tried to sell me a bit of common old Primula Wanda at his front gate, saying that he did not know its name but that it was special to the garden and he called it Granny's Favourite. He wanted £3.50 for a flowering plant in a plastic beaker. I have seen some amazing chickweed, discovered some bizarre ideas of what ranks as a lavatory for visitors and (so far) seen nowhere in 1990 where the owners really have excelled their site and its possibilities.

But, especially during the drought, it is the outing which counts. If you do not visit, you lose a sense of perspective. It is usually a shared experience, undertaken in company: two or three pairs of eyes do not see alike. There is human dimension, the canine dimension (people own such awful dogs) and the running argument of what you were doing and why. There is also that perplexing entity, the English Village.

Anyway, last Sunday, it was our turn to penetrate the living heart of the Cotswolds, half a dozen Yellow Book entries and a National Trust curtain-raiser at Snowhill at Broadway. Three of the Gardens Open were being optimistic. For once, Mrs Lane Fox and I agreed.

The trouble began with the National Trust. The rumour had reached her that the National Trust would like to restore some of the old "original" families to the bigger properties for which it needs tenants. It may, as yet, be rumour, but it does raise questions, especially over lunch.

Why are the former owners thought to be the only people who can give a big house that "special something" which stops it feeling dead? And is it really true that the public prefer it? Would it not be socially preferable if nobody lived in these great bastions of privilege any longer: turn them into museums as a mark of social progress? We would then go to visit, but the "timeless" hierarchy would be declared dead, a symbol of the world which we have (thankfully) lost.

I find it hard to be cogent in arguments over a chicken in a basket, but fortunately



nately, Snowhill Manor, Snowhill diverted the argument. For £3.20, you can visit this small Cotswold manor on its historic site and explore a stone-built terrace garden which is long for a later-day Saville-West. Its planting is awfully poor. Inside, you can visit an amazing museum, collected by an architect who lived in the place for 30-odd years, and gave it to the Trust in the early 1950s when the scheme was still in its infancy. It is all creaks, doors, model boats and people in antique suits: in short, a museum with a vengeance.

I said it diverted the argument: here, after all, was a classless museum, a time-war in which nobody in their right mind would now wish to live, yet also, here we were, heading for the exit before our guided companions had got to item No. 3 on their Children's Checklist. It is not a criticism of the National Trust: in the 1950s, it was wise to take what it was offered and has naturally had to live with

it since. But it is an extreme answer to the argument that every mansion should become a museum: why should this rather fine old house, occupied since 1500, be doomed to eternity with the collections of a latecomer who only lived there for 35 years? The house (to my eye) urgently needs a new friendly family who have a sharp eye for gardening.

Duly chastised, we blamed the village: why are these places such a conservation dump? Surely the Manor sets a bad tone? Why do people kill what they think they are "conserving"? The windows were all wrong; before long, it would be hanging baskets and name-plates beside every newly studded door. But then we forked left to Snowhill's second Garden Open and took a novel turn.

During the past ten years, the lady of the cottage at Bankside had indeed rescued a sloping garden from a mass of thistles. You know at once that she is good at it because she grows a superb white-flowered Clematis Macropetala in a tub up a semi-shaded wall; she likes Viola Moonlight, the cream yellow forms of Cytisus, pale ice-blue lilac and a well-wooded fruit cage which proves that gooseberries make a charming low hedge.

Visitors could help themselves to tobacco plants (we did); they could also read the literature and discover that all the takings were destined for medical supplies to North Vietnam and Cambodia. At Bankside, the broadsheet state that they do not believe in "Bush-Thatcher Ltd": they "believe in compassion." So, no doubt, do we all, but the moral dimension made my companion enthusiastic about sloping gardens which she usually hates.

Not, of course, that the argument about the garden was the whole story. Was it any more splendid to find these ideas in the middle of the conservation Cotswolds: are they not the same ideas anywhere? Was compassion the whole story or was it not, too, moralising of the type blamed on Thatcher and Bush?

My point, here, is only this. First, the cream-flowered form of Cytisus are absolutely splendid, especially Kewensis, if your garden slopes downhill; the second, that you never know what a range of opinions exist behind the "country village" facade; perhaps that is why the facade is constantly being pulled out of shape and becomes a hollow if we now try to "conserve" it; and lastly, this all comes from one day's garden visiting, a process which has its own lessons even if you never quite find the garden you actually like.



Stuart Marshall (left) the Weekend FT's motoring correspondent, is shown Nick Ridley's Silver Ghost

A true king of the road

Stuart Marshall drives one of the most collectable cars

MONDAY WAS the first day of a week-long rally to celebrate the Veteran Car Club of Great Britain's Diamond Jubilee. Mercedes-Benz (UK) one of the sponsors, had persuaded its parent company to send over half a dozen priceless exhibits from its museum in Stuttgart to take part.

"Come and drive one," said the letter of invitation. "Be at Stratford Racecourse at 9am." I was. Alas, the cars were not. No, it was not a breakdown in Mercedes-Benz UK's provincial efficiency.

The VCC's computer had crunched the wrong numbers so that while I waited at Stratford Racecourse, the cars had been at the Moat Hotel in town. In my absence, they had set off on a seafaring rally.

The VCC's computer had crunched the wrong numbers so that while I waited at Stratford Racecourse, the cars had been at the Moat Hotel in town. In my absence, they had set off on a seafaring rally.

A Silver Ghost (actually, called the 40/50) is perhaps the ultimate collectable car of its era. It was made from 1906 until just after the First World

War, during which many were used as armoured car chassis. Its massive 7.4 litre, 6-cylinder engine produces less horsepower than a Nissan Micra's tiny 1.6 litre but apparently lasts for ever. Such is its low speed pulling that in a pre-First World War publicity stunt, a Silver Ghost was driven all the way from London to Edinburgh in top gear.

Ridley fired the Ghost up in the time honoured way. He pulled the engine over on the handle a couple of times to fill

the cylinders; fiddled with the ignition advance and retard lever on the steering column; and the trembler coil made one of the plugs spark. Obeyingly, the engine sprang to life and ticked over as slowly and majestically as a ship's diesel.

The Ridley Ghost was made in 1915 for a Russian Prince who was unable to take delivery because of the bother going on back home. It then had a fairly chequered career, reaching a nadir in North Africa, from whence, bearing a dreadful locally made body, it was rescued.

He bought it about five years ago. Its present body is best described as a saloon with an open — though mercifully

roofed — driving compartment for the chauffeur. It's not quite a sedan de ville, which was entirely exposed to the wind and rain up front — although as luxurious as a first-class Pullman car behind. The principle seems to have been that the lower orders from which chauffeurs were drawn would not notice the discomfort of sitting for hours, possibly wet through, in the open air in midwinter.

The Ghost is 2½ tons of truly regal motor car. It must be worth at least £100,000 today, but Ridley, like most VCC members, prefers not to talk about cash values of their cars. They say they keep them to drive. (He has covered well over 1,000 miles in his less than 45 years.) Unlike so many of today's car collectors, they don't regard them primarily as anti-inflationary investment vehicles. What helps drivers of veterans like the Ghost is that most other road users are so nice to you. The delivery of a car usually cuts you up in traffic; stopped and waved me out of Tewkesbury Hall Hotel. Poor man, he was then stuck behind me for several miles as I got on terms with the old Rolls-Royce.

The main thing, it seemed to me, was to keep a generous distance between the Greek temple of a radiator with the Spirit of Ecstasy perched on top and the vehicle in front. I was glad traffic was thin as I drove through Tewkesbury.

Steering is very heavy and the lock so poor that unless one takes the proper line on a right-angled turn, a second bite might be called for. To my relief, it didn't prove necessary.

The gearshift is on the right, alongside the handbrake. Both levers look like miniature versions of what railway signalmen used to pull to change points in the days of steam. They are so close together I soon skinned the little finger of my right hand against the brake lever. (Now I know why old-time chauffeurs wore gauntlet gloves). Ridley was kind enough to say I didn't make too bad a fist of it; at least, most of my double-declutching upward changes were silent and some of my down-changing crunches were only little ones.

In fact, the Ghost would tackle roundabouts in top because of the engine's extreme flexibility. On main roads, it ran at a steady 55 mph, which wasn't quite fast enough for me to pull away from a 35-ton flour tanker riding on my tail. The driver gave a friendly nod when I waved him by. That would never have happened if I had been driving a Metro Vanden Plas.

The Diamond Jubilee event ended yesterday with a concours d'etat (a sort of aristocratic veteran beauty contest) at Blenheim Palace. Prince Michael of Kent, a keen and competent driver, was at the wheel of Ridley's other car, a 1916 racing Sunbeam, on Tuesday.

CHESS

TECHNIQUES for success on the chess weekend circuit were well illustrated at the recent Sutton congress, the largest Easter event with more than 350 competitors. First prize in the open went to GM Julian Hodgson, with IM Peter Large a point behind.

Significantly this pair are at present the leading contenders for the £2,000 Leith Grand Prix awarded annually to the overall best performer in UK tournaments.

The optimum playing style in weekenders is direct and aggressive, avoiding long and drawn-out games. Tournament schedules normally involve at least two games a day, and sometimes three are scheduled for Saturday; this makes Sunday morning a later start for anyone whose Saturday games have all gone the distance.

The Leigh circuit is geared not only towards professionals aiming for the top awards but also to amateur and social players who compete in grading-limited supporting events from which highly ranked competitors are barred. The Leigh Amateur Prix is a stiff test, since only scores of 4½/5 and 5½/6 or better will qualify.

This poses a dilemma to an entrant who starts the final round with maximum points. If he or she settles for a quick draw, it will probably win the event but will cost Amateur Prix points; but the prize structure is so highly geared that a loss when going for a win will mean finishing an also-ran.

Britain's Grand Prix was launched in 1974 as the pioneering event of its kind in the world. It has since inspired a US counterpart, regional contests here, and possibly the World Chess Cup. There is even a Grand Prix Attack in the books. It meets the popular Sicilian Defence 1 e4 c5 by the sequence 2 Nc3 followed by f4, Bc4 or Bb5, O-O, Qe1-h4, Nf3, and Bb6 with early mate threats.

Hodgson's final round win at Sutton was a good example of his pragmatic weekend style. The opening is conventional enough, but White's 8 Qb3 is suspect, removing his queen from the centre and king's side to create some ineffective threats. Black's interesting counter is to "sacrifice" his king's flank pawn structure by 12... c5 allowing 15 Bxf6, after which it soon becomes clear that the open g file is an excellent attacking route for the black army. A rook sacrifice breaks down the white defences, and White resigns faced with unavoidable mate.

White: A.D. Martin. Black: J.M. Hodgson.

Caro-Kann Defence (Sutton 1990).

1 e4 c5 2 d4 d5 3 Nc3 dxc4 4 Nxd5 Nf6 5 Bc4 Ng6 6 Nxf6 Nxf6 7 Qc2 Qc7 8 Qb3 e6 9 Nf3 Bb5 10 O-O O-O 11 Re1 b5 12 Bf1 Bb7 13 Bg5 c5 14 dxc5 Bxc5 15 Bxf6 gxf6 16 Nf4 Kf8 17 Rad1 Bg7 18 Bg5 d5 19 Qd3 Rxd3 20 Rb3 Rg7 21 Rb3 Rg7

22 g5 e5 23 Nf3 e4 24 Rf7 Rg3+ 25 h3g3 Qg3+ 26 Kh1 Rf3 27 Rf6 exf3 28 Rg3+ Qg3 and White resigned.

Hodgson, Large and most of the other top weekend players all rely on conventional classical openings; but one expert is a notable exception. Michael Basman, an international master and respected chess teacher, has a uniquely provocative repertoire which unsettles his opponents by its challenge to accepted basic principles.

Basman more often than not starts his games by 1 h3 as White or 1... h5 as Black. The psychological purpose is to induce his opponent to strain too hard for a refutation, but h3 also contains hidden strategic ideas. Sometimes Basman follows up with g4 to gain space and ultimately attack the enemy king, sometimes as in the next game his follow-up is best offered as a sacrifice which opens up the file.

Results count, and Basman's unorthodox approach, a kind of alternative chess, has its devoted band of followers. His ideas are available on books and tapes. For further details from Audio Chess, 7 Billocky Close, Chessington, Surrey (081-397-1826).

White: M.J. Basman. Black: M.J. Franklin. Basman Opening (Sutton 1990).

1 h3 d5 2 b4 c5 3 e3 e5 4 Bb2 Bb6 5 Nf3 Nf6 6 c4 Ng6 7 Nc3 Ne5 11 Be2 a5 12 Qc2 axb4 13 axb4 Rxb4 14 Bg4 Bg4 17 Nxe4 Rxb4 18 Nxc6 bxc6 19 Rxb7 Rb7 20 Nf6+ Kd8 21 Nxd7 Rxd7 22 Bxh6 Nxb6 23 Bxh7 Rxd7 24 Qd3 Rxd3 25 Qc4 Qd8 26 Qd3+ Kxd3 27 Rf7 resigns. Black's knight and bishop will be unable to contain White's advancing pawns.

PROBLEM No. 823. McAnley v. Kerr, postal game, Ireland (White to move) is already two pawns down, saw no defence to Black's last

1... e5 threatening both Qc4 and Bg4, so therefore resigned. White missed a chance to save the game; what should he have played?

BLACK 14 MEN

WHITE 12 MEN

turn... e5 threatening both Qc4 and Bg4, so therefore resigned. White missed a chance to save the game; what should he have played?

Solution Page XI

Leonard Barden

What a wonderful world

Arthur Hellyer sniffs the pre-Chelsea blossom

I CANNOT recollect a spring in which gardens have looked more beautiful, in spite of exceptional storms in January and some damaging frosts in April. Blossom has been prompt, recovery from frost rapid and the principal difficulty for flower exhibitors at the Chelsea flower show, which opens next Tuesday, must have been getting the timing of specialities right. It promises to be one of the largest and most varied shows ever.

Visitors will discover a magnificent display of 26 gardens outdoors, ranging from the simple to the highly sophisticated, some with fanciful names to match their imaginative themes. Cabbages and Kings is what Ryl Nowell calls his garden because it was inspired by Alice in Wonderland.

land discovering herself "among bright flowerbeds and fountains." It is all pure fantasy. Water may fall through cabbages, kings may live in striped pyjamas. It is a welcome reminder that fun has always been a legitimate, though often neglected element in garden design.

A more serious approach to cabbages and their relations will be found in the educational and scientific section where the British Society of Horticultural Research, Wellesbourne, are making an exhibit of cauliflowers with coloured curds suitable for cultivation on a cultivated scale. Colours range from cream to yellow and from bright green to purple, some curds have the typical dome shape and others are pyramids.

The Cotswold County Gar-

den being made by Highfield Nurseries is sure to be highly practical in a romantic way for that has been the hallmark of their designs in recent years. It will contain many of the best as well as herbaceous plants, shrubs and climbers in pastel shades and a stream.

The ten students of Perseus College of Horticulture say that they call the garden the Blind and yet another, designed by David Stevens for B & Q, in which roses predominate but with what are described as "heavier shrubs and lighter herbaceous plants" for contrast. Central to the rose beds is a new, regal, scented red variety named Spirit of Youth.

A garden of Golden Memories has been designed by Robin Williams for Help the Aged and, elsewhere in the show beside the Barons stand in Eastern Avenue there is a Disabled Gardeners' Advice Centre in which experts from the College of Occupational Therapists and Horticultural Therapy will give advice on individual problems and demonstrate tools to meet them.

What I think may well prove to be one of the most popular and practical gardens of the lot is called Foliar Harmony, made by Gramphorn, the garden centre specialists. It relies almost exclusively on foliage and, which will give a long season of great beauty with little help from short lived flowers. Those who enjoy this garden should not miss the Goldbrock Plants exhibit of hostas in the Great Marquee. It is an exceptionally comprehensive and beautiful collection of these easily grown plants.

The Window Box and Hanging Basket Competition promises to be exceptionally good since it has attracted over 80 entries from horticultural societies affiliated to the Royal Horticultural Society. There will also be hanging baskets and window boxes in the Paper and Harrow exhibit and it would not surprise me if these are the best in the whole show for the gardeners in this charitable home for adolescents are very clever at growing these plants. This year they are including a special watering system for the containers.

The coveted yet difficult site around the Monument in the Great Marquee is being filled this year by Hilliers Nurseries with an extensive collection of plants, many of them rare. It includes a new evergreen ber-

beris named Goldbrock made by crossing two species, Berberis darwinii and the far less familiar and also less hardy B. valdiviana.

Conservationists will also find special interest in an exhibit from the Kirstenbosch Botanical Gardens of endangered plant species in South Africa including some which are now extinct in the wild though still preserved in cultivation. For one of these plants, tissue culture propagation has been used successfully to increase stock and the method is displayed.

Another overseas exhibit which intrigues me comes from the Sultanate of Oman and introduces a new red rose, Sultan Qaboos Rose, developed by the Royal Moorish Nurseries in Holland to thrive both in the temperate climates of Europe and the hot climate of Arabia.

Rather out of ordinary in rose exhibits is one staged by the States of Guernsey to introduce miniature varieties bred by Thomas Robinson and clematis from Raymond Sidson Nurseries. One of the roses, Just Magic, colours as it blooms from creamy white to white and pink.

Look out also for the two new extra free flowering geraniums, Sensation displayed by Suttons Seeds and Mulholland by the Chelsea Flower Show is open to members only from 8 am to 8 pm on Tuesday and Wednesday, May 22 and 23, and to the public from 8 am to 8 pm on Thursday May 24 and 25. The ticket agency Keith Frowe is handling the sale of public day tickets. Postal application can be made to The Chelsea Flower Show Ticket Office, P.O. Box 1426, London, W6 0LQ.

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Property

The Heritage blight

Gerald Cadogan on the politics of preservation

A NEW form of blight has hit the heart of a Somerset village called Milborne Port. This new disease, a variant of planning blight, is likely to spread once the Department of the Environment has released the Planning Policy Guidance Note, now in draft, on Archaeology and Planning.

The case of Milborne Port shows the danger of heritage blight. On the day that the South Somerset District Council was about to approve a planning application for a new house, the village was hit by a new disease - a variant of planning blight, is likely to spread once the Department of the Environment has released the Planning Policy Guidance Note, now in draft, on Archaeology and Planning.

which Beechcroft retained, prepared a scheme for a full rescue dig (for £80,000) that would do as little damage to the ancient levels as possible. Beechcroft was ready to pay for the dig - as Lord Hanson did with his trial dig that found the Glady Theatre.

In February the scheme seemed set, when EH struck with the second fax and the planning committee duly turned down the application. This thunderbolt from English Heritage's headquarters, Fort House, Savile Row (the monolith opposite the well-known police station) stunned Beechcroft and left it gasping at the quango's peremptory and 11th hour way of doing

between ancient and modern walls and pipes underground? At very special monuments such as Stonehenge and Avebury it is right not to dig. These are so important that we must leave what we can untouched for people to investigate if they wish in the 22nd century.

But this constraint should not necessarily apply to second and third rank sites. Although English Heritage and the department say digging is a second best, many digs are going on with their approval in historic centres such as London, York and Canterbury, usually in advance of shops and offices. Such sites are not scheduled.

Scale is the next issue. If Beechcroft had proposed a big city development, perhaps the dig would have gone through. Another worry is the long-term effect of the preservation policy. English Heritage chooses market town and village centres for its work. But getting the land is hard since these are the places that were built up centuries ago, very likely on top of ancient remains. Are they all to be preserved - as inviolable wilderness? That cannot help the life of the place.

English Heritage can only react to approaches made to it, usually after contracts have been signed. But does its intervention actually help our history? If the archaeological record is to be kept in the ground in perpetuity, we can never learn its significance. I find it hard to believe that uncertain future gains justify refusing to investigate now.

So, heritage blight began. After the site is scheduled, any work will need Scheduled Monument Consent from English Heritage. Although Beechcroft has appealed against the District Council's refusal, no appeal is possible against scheduling. The case raises important issues: First, is EH's policy of in situ preservation, endorsed by Department's Guidance Note, right and fair? EH says archaeological techniques will improve. Eventually sun and radar will detect what is buried, so expensive and destructive digging will no longer be necessary. This policy would exclude intrusion into ancient levels. Building plans would therefore have to be altered to seal levels underneath. Basement garages are out. Foundations should be on a raft. But many archaeologists think EH is over-optimistic. Present standards of excavation are remarkably high. And how could radar discriminate



Shawford Park, near Winchester, a minor stately home, rates a £4.5m guide price

Property starvation

DOWN IN rural Hampshire, the estate agents have a lot to complain about. "Property starvation", they say, is a real problem. "Eighty applicants, ten serious buyers - in the end we held a private auction."

Thus Hampshire agents on the fringes of the current market. While most sellers must accept that sales are slow and prices have dropped, serious buyers find a tantalising lack of Georgian houses and ancestral acres at giveaway prices.

It is mainly at the tip of the market that really good homes are in short supply: the well-heeled, it seems, are still pursuing that very English idyll of the perfect country house.

The problem, says Charles Miller of Hampsons, is that people who have such homes in rural Hampshire are not anxious to move at the best of times. "There are never a tremendous number up for sale at any one time - and now owners are convinced that the market is uniformly bad, they're sitting tight. I could pick up the phone and sell a good five-bedroom Georgian house with four or five acres 20 times over."

This reluctance of Hampshire's inhabitants to move on is not surprising. Away from the obvious charms of cathedral-crowned Winchester (still overpriced, agents privately admit) and the home of the Solent coast, Hampshire remains surprisingly rural.

Even Basingstoke - where everybody's accounts department has relocated - stops abruptly, and East Oakley to the west is decently separated by several fields and a bluebell wood. Between here and Andover the road runs through the first villages of the Test valley. River valleys shape the countryside: green oases studied with milk, watercress beds and hamlets which range from the workaday to the most impossibly chocolate-box thatched.

The Bourne, the Test, the Canoe, the Meon are valley names which you'll find in the opening sentences of estate agents' details.

Overton, near the source of that great fishing river, the Test, is a nice, unpretentious little place with all the amenities of a small market town. These include its own railway station (just under the hour to Waterloo) and a mill.

This is a modern twist to the traditional local industry: its product is paper, not flour - banknotes, to be precise. Homes here range from £60,000 modern flats (Basingstoke is six miles and one train stop away) to the perfect Georgian proportions of Court House Farm, complete with listed coach house and 20ft swimming pool (Lane Fox).

Charming Whitechurch also boasts a working mill - but this is a beautiful, newly restored silk mill, open to visitors. This, too, is no ordinary town: its beauty is underpinned by schools, shops, station. Drewatt Neate have a 16th century, brick and timber-framed three-bedroomed cottage here for £180,000.

The same agents are also selling a curiosity at nearby Hursbourne Priory: the handsome square tower was built in 1712 to house the Earl of Portsmouth's beehive - and, on the flat roof, his bees. Today the renovated Bee House with six acres of grounds is £180,000. If nothing will do for you but the classic white-walled, half-timbered home under a thatched roof, turn to Broughton, five miles from Stockbridge. Described by agents John D Wood as "the epitome

of the perfect Hampshire village," it boasts an 11th-century church and was Best-Kept Village in '89. North End Cottage, once a row of village homes, is now arranged as a main house with adjoining cottage. With garden to match, it is £285,000. The Tudor grandeur of the Old Rectory at Dummer, however, is misleading: this handsome flint and stonework house with its decorated chimneys and stone mullions was

Carrie Seagrave on the shortage of top-class country homes

actually built in the 1850s. In need of renovation it is for sale through Lane Fox for upwards of £455,000.

In spite of that top-of-the-market shortage, there are some Hampshire homes available for the near-millionaire. At Wyke Green Farm at Fording, near Petersfield, there is certainly no renovating to be done. The house comes complete down to the pretty landscaped swimming pool, overlooked by the family-sized Jacuzzi and sauna room. It also saves one the bother of choosing an architectural style: the original building was

a Queen Anne hunting lodge, and that part of the house has the low beams, cosy corners and massive central firebreast of the period.

But the Georgians doubled the size, adding handsome reception rooms and well-proportioned bedrooms. The Victorians then contributed an adjoining stable block, which now provides guest suites and an enviable office/study. The present owner has made it the large and comfortable family home it now is, creating the lovely gardens and converting another range of outbuildings into yet more self-contained accommodation. There is also a tennis court, young parkland and paddocks included in the six acres. John D Wood is inviting offers around £350,000.

Not far away, it is also selling another large property, one of the very few barns which has lent itself to successful conversion. Borden Barn, Upper Borden, is reached via a mile-long private drive shared only by the two other homes in a pretty, sweeping valley. The handsome brick and flint building is Victorian, and was already supplied with decent windows. Light also floods the house via the dramatic, full-height windows made by glazing the cart openings, and the spacious building encloses a pretty courtyard on three sides.

The majestic galleried living room and the rest of the living space is contained in two wings: the third remains an open cloister onto the courtyard: a swimming pool? Yet more bedrooms? The buyer can decide. For £250,000, they also get a separate garage and further barn which could convert to a separate cottage, and 17 acres of rolling parkland.

"How much land would you like with this house?" asks Knight Frank & Rutley of Old Isidworth Farm, seven miles from Petersfield. The handsome house is part of a 750-acre estate, but it is being divided into 12 lots for sale. The house with just 14 acres of grounds has a guide price of £700,000. The whole estate would cost around £2.5m.

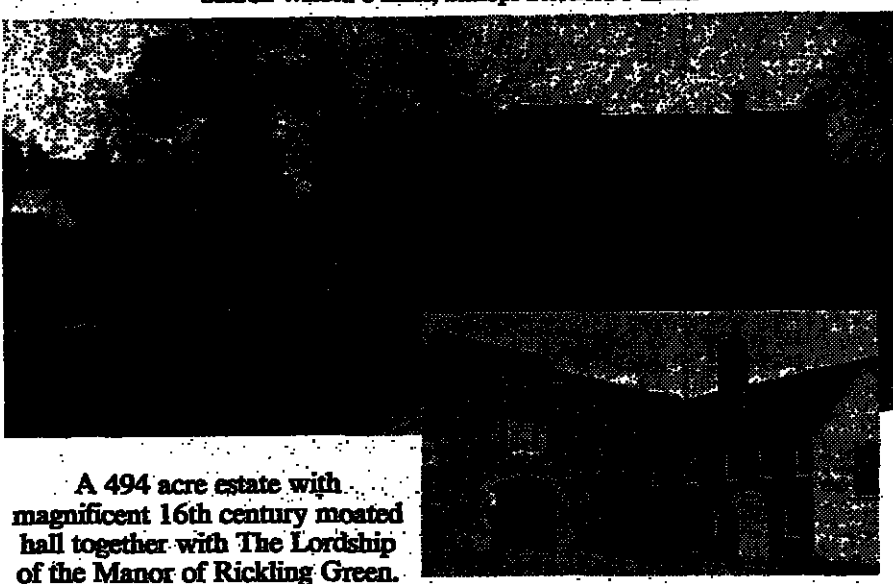
But Shawford Park, a minor stately home near Winchester, rates a guide price of £4.5m for its galleried hall, six reception rooms, eight principal bedrooms, five further bedrooms, seven bathrooms and staff flat. Plus, of course, the formal gardens and about 66 acres which include considerable stretches of the trout-infested River Itchen. Another five acres, with three cottages, walled garden "with considerable planning potential" and more fishing rights will cost more: another £3.5m is suggested by the agents, Savills.

COUNTRY PROPERTY

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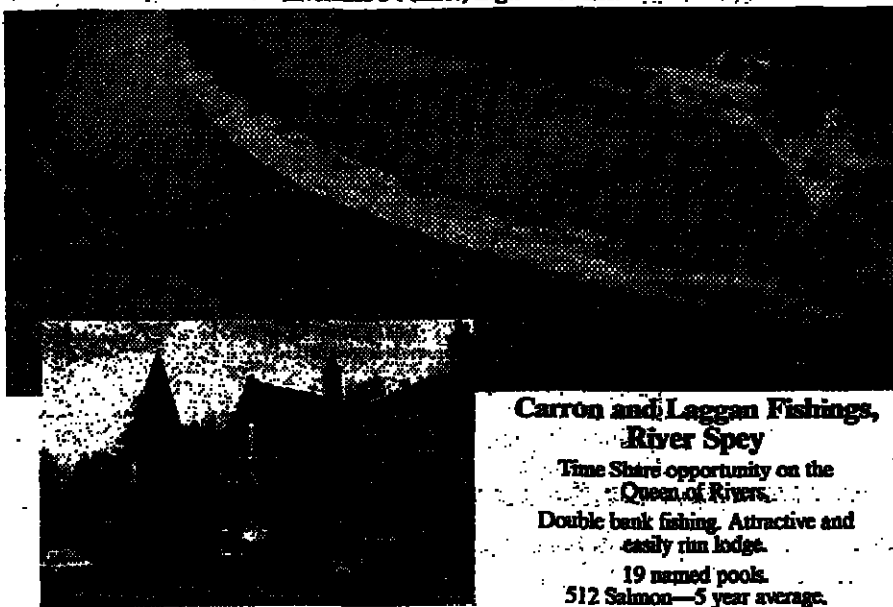


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NORTHAMPTONSHIRE 664 ACRES
Doncaster 3 miles, M1 (J14) 18 miles, London 63 miles.

Historic estate encompassing the heart of the village set in unspoilt countryside.

Listed principal house, coach house and park. Period farmhouse, stables and paddocks. 11 cottages. Development potential. Productive arable and stock farm.

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A luxury development of 43 flats situated in one of the most prominent sea front locations on the South Coast. Designed to capitalize views over the Channel to the South East and South West. Plus a roof garden with spectacular views throughout 360° over the coast, Channel and Kent countryside. Wide selection of 1, 2 & 3 bedroom flats within the range of £27,500 - £300,000 long lease 125 years. **5 Year Tenure** Full details on request. **NO THE LEAS** FOLKESTONE KENT CT20 1RE Tel: (0333) 850422

SAVILLS



BERKSHIRE 98 ACRES

Barkham

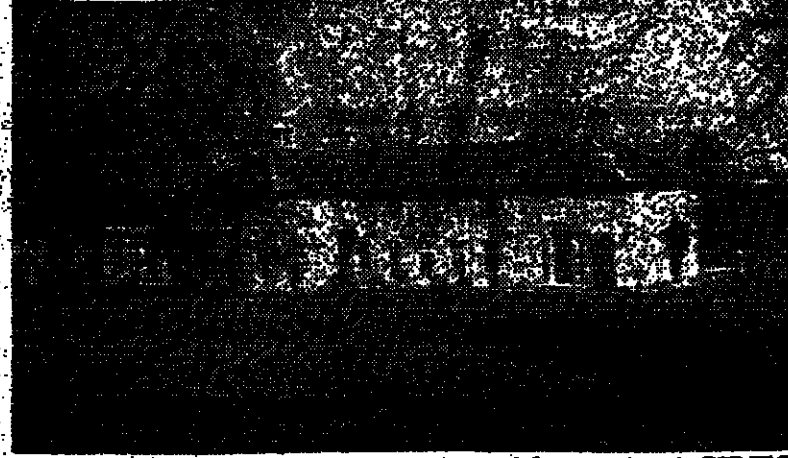
Wokingham/Waterloo 50 minutes, M4 (Junction 10) 5 miles, Central London 36 miles.
Fine Grade II listed house with superb entertaining rooms in a secluded setting.
 Main house: 5 reception rooms, breakfast room, domestic offices, 5 bedrooms, dressing room, 4 bathrooms, playroom.
 Substantial stable block, 2 staff cottages.
 Entertaining complex with 53' entertaining room and large indoor swimming pool room, hard tennis court, stable block, garden.
 All contents included within the sale.
 Savills, London. Tel: 071-730 0822. Contact: Henry Pitman.



LINCOLNSHIRE 93 ACRES

Horncastle

Horncastle 6 miles, Louth 12 miles, Lincoln 20 miles.
A handsome Grade I listed Carolean mansion house.
 5 reception rooms, 10 bedrooms, 3 bathrooms.
 Stables, staff flat, 3 cottages.
 Tennis court. Parkland, formal gardens, woodland.
 In the region of £900,000.
 Joint Agents:
 Robert Bell & Co. Tel: (0507) 522221.
 Savills, Stamford. Tel: (0780) 66222.
 Contact: Stuart Paton.



HEREFORDSHIRE About 50 ACRES

Ross-on-Wye

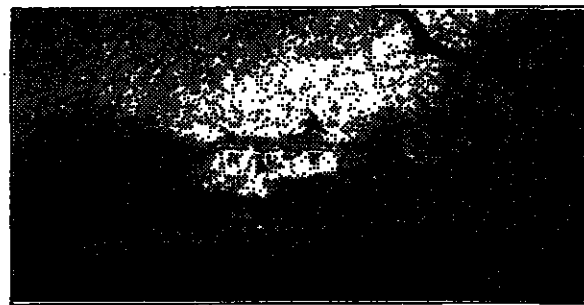
Gloucester 16 miles, Monmouth 10 miles, Hereford 14 miles.
Outstanding country house with delightful gardens and grounds in the Wye Valley.
 4 reception rooms, Loggia, 5 bedroom suites, 2 secondary bedrooms, 6 bathrooms.
 Staff flat, garaging for 8 cars, outbuildings.
 Tennis court, swimming pool. Delightful gardens, arable and pasture land.
 Price on application.
 Savills, Hereford. Tel: (0432) 354343. Contact: Christopher Lyons.



STIRLINGSHIRE 2,024 ACRES

Queen's View, Blanehead

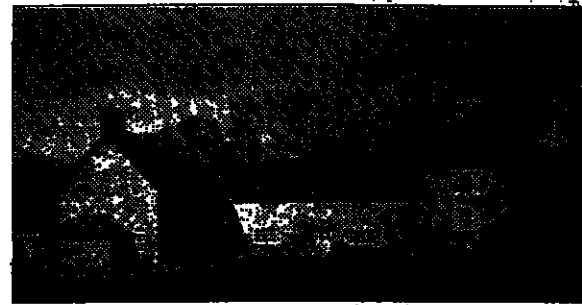
Glasgow 13 miles, Stirling 27 miles.
 First class agricultural and sporting estate only 20 minutes from Glasgow city centre.
 Georgian house (2 reception rooms, 4 bedrooms), 2 cottages, mill with planning consent. Range of modern and traditional farm buildings.
 304 acres arable/improved grazing, 185 acres rough grazing, 1,182 acres hill, 346 acres woodland.
 Driven pheasant shoot, walked-up grouse shooting and trout fishing.
 For sale as a whole or in 2 lots with vacant possession.
 Offers over £355,000.
 Savills, Edinburgh. Tel: 031-226 6961. Contact: J MacNab.



KINROSS-SHIRE About 1,042 ACRES

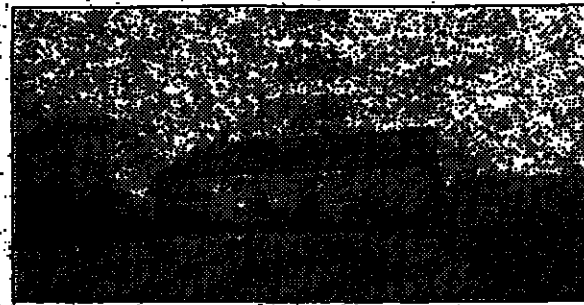
Overlooking Loch Leven

Perth 21 miles, Edinburgh Airport 30 miles.
 A sporting and farming estate with attractive mansion and a renowned wildfowl and pheasant shoot within half an hour's drive of Edinburgh Airport with Bannockburn.
 Amos tower with 4 reception rooms, 7 bedrooms and 3 bathrooms. Full central heating. Attractive woodland garden with 15th century tower 2 farmhouses, coach house and 2 cottages.
 Productive in-hand farm with 504 acres arable, 379 acres pastureland and 156 acres woodland. Exciting pheasant shoot with 6 flight ponds. Trout fishing on 25 acres loch.
 Savills, Edinburgh. Tel: 031-226 6961.



WILTSHIRE - The Chalke Valley 980 ACRES

Salisbury 10 miles, London 94 miles, Shaftesbury 1 mile.
 An outstanding residential, sporting and agricultural estate with a fine Grade II listed 17th century manor house and excellent high pheasant shoot.
 Manor house: 3 reception rooms, 4 bedrooms, 2 bathrooms, staff cottage.
 Walled gardens on the edge of the village of Ebbesbourne Wyle.
 Estate dwellings: 4 bedroom farmhouse, 3 bedroom period cottage, 2 bungalows.
 The Estate: Mixed chalk downland estate with commercial dairy and arable crops. Amenity downland and woodland. Notable sporting shoot: 780,000 line mile quots.
 For sale by private treaty as a whole or in 3 lots.
 Joint Agents: Woolley & Wallis, Salisbury. Tel: (0722) 21711.
 Savills, Salisbury. Tel: (0722) 20422. Contact: Rupert Montague.



BUCKINGHAMSHIRE About 35 ACRES

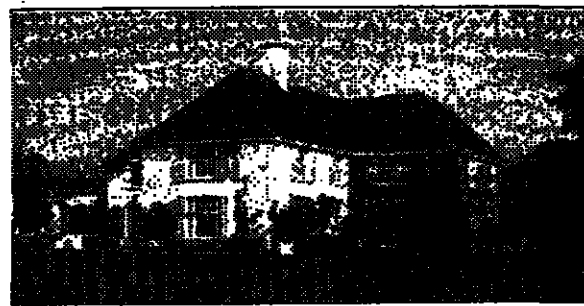
Boarstall

Oxford 7 miles, Bicester 7 miles.
 Magnificent Grade II listed Tudor country house.
 Hall, 4 reception rooms, kitchen/breakfast room, 5 bedrooms, 4 bathrooms, attic rooms.
 Farm buildings, horse boxes, garaging.
 Swimming pool.
 Gardens, paddocks, trout lake.
 Region of £1,000,000.
 Savills, Bury. Tel: (0295) 263555. Contact: Michael Clark.



WILTSHIRE - Rushall

Pewsey 4 miles (Reading 64 miles), London 85 miles.
 Fine Georgian frontier residence in most delightful setting.
 3 reception rooms, 4 bedrooms, 2 bathrooms, 4 attic rooms with potential.
 Oil central heating.
 Garaging and former stabling.
 Attractive gardens, 2 paddocks.
 About 5 Acres.
 Offers in the region of £450,000.
 Savills, Salisbury. Tel: (0722) 20422.
 Contact: Christopher Lacey.



WILTSHIRE - Near Ramsbury

Wingsfield 5 miles/London Paddington 55 minutes, M4 (Junction 14) 8 miles, Central London 72 miles.
 A fine country house in a totally peaceful and secluded setting with views over rolling downland.
 Entrance hall, 4 reception rooms, conservatory, 4 self-contained bedroom wings comprising 5 bedrooms, 4 bathrooms and a box room.
 Substantial secondary house.
 Garaging and outbuildings. Landscaped garden and grounds.
 About 6 Acres.
 Savills, London. Tel: 071-730 0822. Contact: Sarah Adams.



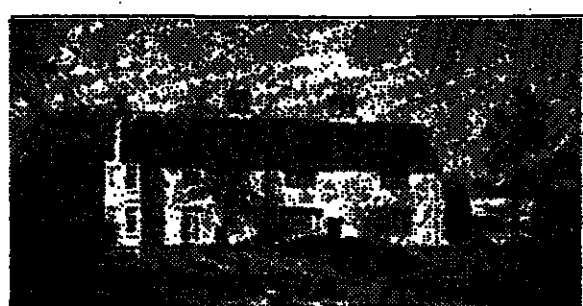
LONDON - 3-5 Lansdowne Road

Holland Park W11
 14 carefully crafted new apartments set within a secure, landscaped garden in this quiet and highly sought-after street.
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 Prices from £350,000 - £675,000.
 Joint Agents: Marsh & Parsons, London. Tel: 071-403 9275.
 Savills, Kensington. Tel: 071-221 1751.



MIDDLESEX - Sunbury-on-Thames

M3 16 miles, Heathrow airport 8 miles, Central London 15 miles.
 Exceptional Georgian house with superb gardens and substantial fittings to the River Thames.
 4 reception rooms, breakfast room, playroom.
 4 bedrooms, 3 bathrooms.
 Excellent 3 bedroom cottage, 2 bedroom flat over garaging for 5.
 Luxurious indoor swimming pool complex, hard tennis court, magnificent conservatory.
 300ft. direct river frontage with boat house and private mooring.
 Beautiful gardens.
 About 11/2 Acres.
 Region of £1.8 million.
 Savills, London. Tel: 071-730 0822. Contact: Paul Finnegan.



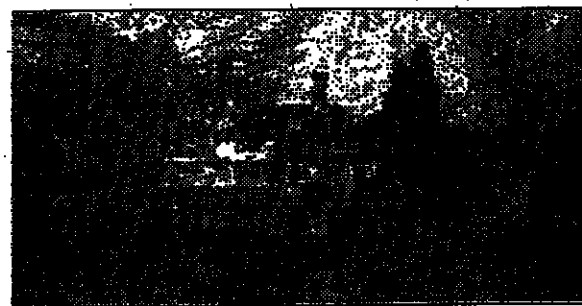
NORTHAMPTONSHIRE - Hartwell

Northampton 6 miles, Milton Keynes 6 miles.
 Historic 17th century listed Grade II country house set amongst mature gardens and well grounds.
 5 reception rooms, kitchen/breakfast room, 5 bedrooms, 2 bathrooms, 2 attic bedrooms.
 Outbuildings.
 Paddock, garden.
 3 1/2 Acres.
 Region of £480,000.
 Savills, Bury. Tel: (0295) 263555. Contact: Michael Clark.



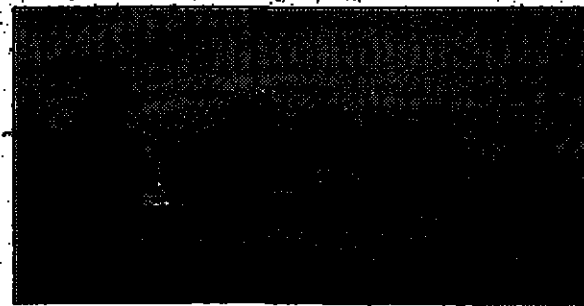
BERKSHIRE - Maidenhead

Maidenhead town centre 1 mile, M4 (exit 89) 4 miles, Central London 27 miles.
 Substantial 19th century property in need of renovation, classified as D1 and well recently used as a warehouse.
 Reception hall, 3 main reception rooms, 2 secondary reception rooms, domestic offices, cellar.
 Collected landing, 10 bedrooms, dressing room, 3 bathrooms, 2 attic bedrooms.
 Garages with lodge flat above (let), gardens, 150' direct Thames frontage.
 Offers in the region of £600,000.
 Joint Agents: Pitts Smith & Kemp, Maidenhead. Tel: (0628) 21172.
 Savills, Henley on Thames. Tel: (0491) 579990.
 Contact: Nicholas Brown.



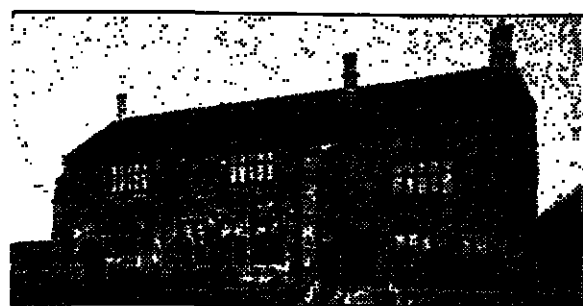
BUCKINGHAMSHIRE - Marlow

Marlow centre 1/2 mile, M40 4 miles, Central London 33 miles.
 Superb, Thameside house in a peaceful setting with excellent equestrian facilities.
 3 reception rooms, gym, sauna, 5 bedrooms, study/dressing room, 3 bathrooms.
 2 bedroom staff annex, garage, stables, outbuildings, wet bathroom.
 About 400' superb frontage.
 Paddock.
 About 11 Acres.
 Loc 2: Paddockland of about 38 acres with road access. Price £125,000.
 Savills, Henley on Thames. Tel: (0491) 579990.
 Contact: Richard Trustman Eves.



SUFFOLK - Halesworth

Halesworth 3 miles, Ipswich 28 miles, Liverpool Street station 65 minutes.
 Superbly maintained country house with wonderful rural views, extensive outbuildings and fine gardens.
 6 reception rooms, 7 principal bedrooms, 4 bathrooms, 3 attic bedrooms.
 Coach house, garaging, stabling, outbuildings.
 Superb walled garden, conservatory, swimming pool/patios and glass conservatory.
 Large 1/2-acre paddock.
 22 Acres.
 Region of £800,000.
 Savills, Ipswich. Tel: (0479) 226699. Contact: Michael Green.



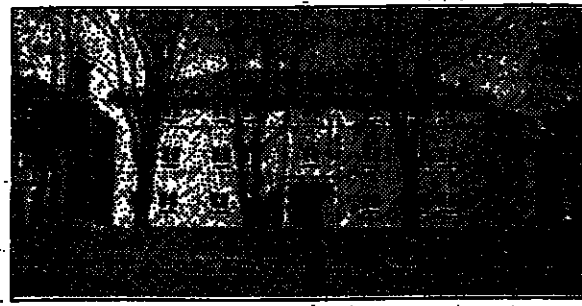
NORTHANTS/LEICESTERSHIRE Borders

Stoke Albany
 Market Harborough 3 miles, Kettering 8 miles, (London St Pancras 50 minutes).
 A magnificent Grade II listed manor house in immaculate condition with extensive equestrian facilities.
 3 reception rooms, kitchen/breakfast room, 5/6 bedrooms, 2 bathrooms, shower room.
 Self-contained ground floor, stable yard with 11 loose boxes, hard barn with office suite (convert for 2 bedroom flat). All weather riding arena, garaging.
 Quakers, grounds and paddocks. Further land available.
 In all approximately 14 Acres.
 Offers invited.
 Savills, Stamford. Tel: (0780) 66222. Contact: Mark Andrews.



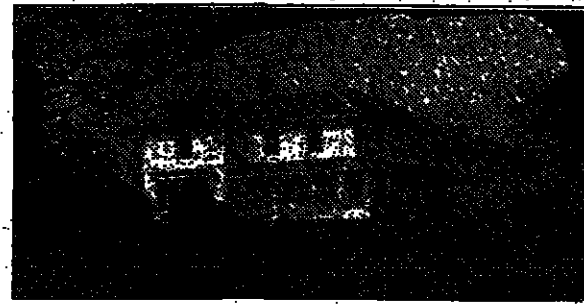
SURREY - Woking

Godalming 5 miles, A36 6 miles, M25 12 miles, Waterloo station 36 minutes.
 Charming Georgian Grade II listed residence, set in delightful gardens and grounds with trout stream.
 Loc 1: 3 reception rooms, 5 bedrooms, 2 bathrooms, 3 room annex. Coach house.
 Garaging. Loose box. Further outbuildings. Formal walled garden.
 Leisure gardens with tennis lawn.
 Paddock. Stream.
 Loc 2: Detached bungalow with 2 bedrooms.
 About 9 1/2 Acres.
 Loc 1: Region of £600,000. Loc 2: Region of £150,000.
 Savills, Godalming. Tel: (0483) 576551. Contact: John Brown.



BRISTOL - Clifton

Stuart city centre 1 mile, M5 junction 3/4 1 mile.
 A superb development of 2 and 3 bedroom apartments finished to the highest of standards.
 All finished with fully fitted kitchens and bathrooms, en-suite, full gas central heating and hot water.
 Communal gardens, garaging and parking spaces.
 From £175,000 - £295,000.
 Savills, Bath. Tel: (0225) 446622. Contact: Charles Burbidge.



EAST DEVON - Near Honiton

M3 15 miles, Exeter 17 miles, Queen 2 miles.
 Distinguished Regency house, listed Grade II, in delightful grounds close to peaceful village.
 4 reception rooms, kitchen/breakfast room, domestic offices, 3 bedrooms, 3 bathrooms, staff annex, coach house with potential flat.
 Garaging/Outbuildings.
 Mature gardens. Vineyard.
 3.6 Acres.
 Offers in the region of £450,000. Enfield.
 Savills, Exeter. Tel: (0392) 411721. Contact: John Eaton-Terry.

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London Office: 071-499 4785**WEST SUSSEX - SLINFOLD**

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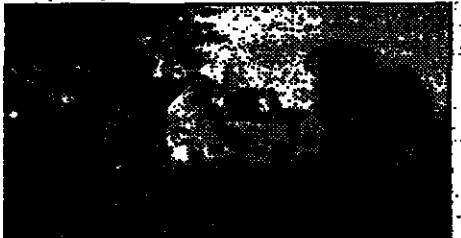
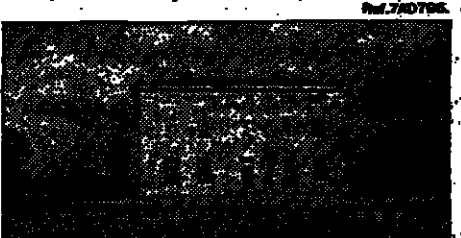
A MAGNIFICENT EDWARDIAN FAMILY HOUSE
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Office, 6 Bedrooms, Dressing Room, 3 Bathrooms.Substantial Lodge, Tennis Court, Heated Swimming Pool, Pavilion.
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Head Office: 15 Half Moon St. London W1.

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071-629 7282**KENT - Sandwich.** Canterbury 12 miles. A
comfortable Georgian house Listed Grade II* on
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and with the benefit of an attached cottage.
Hall, 3 reception rooms, kitchen/breakfast room.
Collage. 5 bedrooms, 2 bathrooms. Double
garage. Landscaped garden. Period barn. About
0.75 acre. Region £380,000. Canterbury Office:
Tel. (0227) 451123.**BERKSHIRE - Ruscombe.** Twyford 1 mile
(Paddington 35 mins.). Superbly restored 18th
Century Grade II manor house. 3 reception
rooms, 4 bedrooms, 3 bathrooms. PP for study,
bedroom & bathroom. Grade II barn and granary.
Cottage. Outbuildings. Swimming pool. Tennis
court. Gardens. Grounds. 2 paddocks. About 7.5
acres. JAC Plus, South Hants, Malmesbury:
Tel. (0825) 38792. Strutt & Parker London
Office: Tel. 071-629 7282.**NOTTINGHAMSHIRE - Feltham.** Southwell 3
miles. An impressive Georgian house with
features to the River Trent. 3 reception rooms,
breakfast room, 8 bedrooms, 2 bathrooms.
Outbuildings including coach house for post.
conv. Gardens. Grounds. About 0.82 of an acre.
Mooring & fishing rights. Potential for alternative
uses. Region £435,000. Grantham Office:
Tel. (0476) 65886. Market Harborough Office:
Tel. (0858) 33123.**LINCOLNSHIRE - Foulmston.** Southwell 10
miles. Magnificent 18th Century house on
the Lincolnshire Clay with panoramic views over
the Trent and Wymondley Valleys. Hall, 4 reception
rooms, 3 bedroom bathroom suites, 4 further
bedrooms and 2 bathrooms. Outbuildings.
Gardens. Pasture paddocks. About 19 acres.
Grantham Office: Tel. (0476) 65886. Market
Harborough Office: Tel. (0858) 33123.**DORSET - Stanwell.** Marnham 10
miles. An attractive Grade II house 27th
Century house, with later additions set in
mature grounds. Also suited for alternative uses
such as hotel or residential house. 4 reception
rooms, kitchen/dining room, 2 further rooms.
Bathroom (potential annex). 8 bedrooms, 5
bathrooms. Stable block. About 4.8 acres. Region
£300,000. Salisbury Office: Tel. (0722) 26741.**DEVON - Dartmouth.** Marnham 10
miles. An attractive Grade II house 27th
Century house, with later additions set in
mature grounds. Also suited for alternative uses
such as hotel or residential house. 4 reception
rooms, kitchen/dining room, 2 further rooms.
Bathroom (potential annex). 8 bedrooms, 5
bathrooms. Stable block. About 4.8 acres. Region
£300,000. Salisbury Office: Tel. (0722) 26741.**NORTH EAST SUFFOLK - Southwold &**
coast 5 miles. Lowestoft 12 miles. A splendid
fully restored Grade II Georgian country house.
Hall, 2 reception rooms, kitchen, 6 bedrooms, 2
bathrooms. Second floor with potential for further
accommodation. Modernised detached 2 bedm.
single storey staff cottage/guest annex.
Garden. Grounds. About 6.8 acres. Region
£465,000. Ipswich Office: Tel. (0473) 214841.**SUSSEX - Haywards Heath 7 miles.** (London
Bridge & Victoria 47 minutes). An outstanding
country house in an excellent position with
spectacular views to the South Downs. Hall, 3
reception rooms, 10 room, farmhouse kitchen, 5
bedrooms, 2 bathrooms. Stable. Delightful
garden. Heated swimming pool. Adjoining pasture.
About 21 acres. Lewes Office:
Tel. (0273) 475455.

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swimming pool complex complete with jacuzzi, sauna and shower facilities.

The beautifully landscaped grounds extend to about two-thirds of an acre and
are laid mainly to lawns surrounded by a pleasing mixture of flower borders,
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the house on which to relax and take full advantage of the southerly aspect.

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DITTISHAM COURTA superb restoration of a Listed Grade II Manor House and
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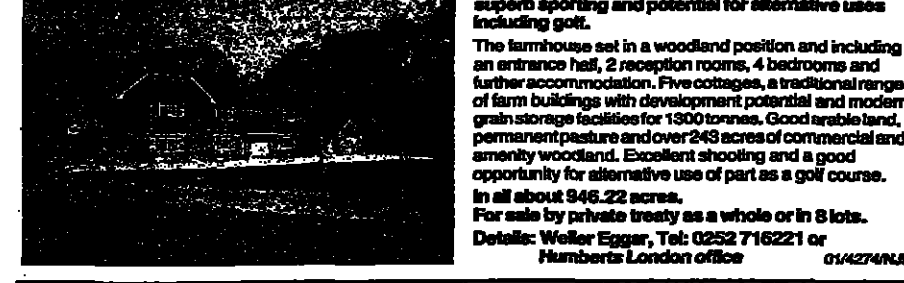
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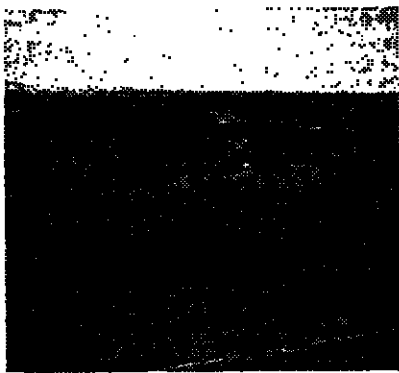
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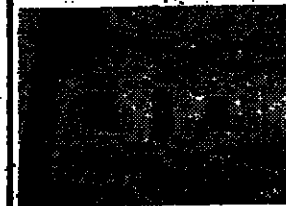
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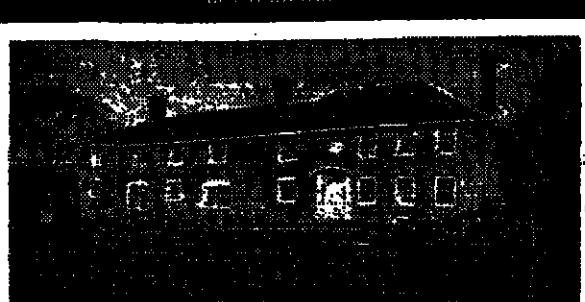
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OUTDOORS

Tally-ho — the hunt is on for a real pest

June McLoughlin goes west on the scent of a relatively new country pursuit — mink-hunting

IT WAS a perfect May morning for the first hunt of the season. The meadows were full of flowers and the river cool and clear. Outside the Arundel Arms in leafy Lifford, Cornwall, a motley group waited for the hunt to open. Motorbikes on the A30 holiday route stared, wondering what was about to happen.

Men and women carried sturdy shepherd's sticks and wore heavy walking boots. Some, wearing wide-cut breeches with tight leggings and bright yellow waistcoats, flicked whips at a group of huge hairy hounds who whined impatiently while the people drank quick pints of beer as "payment" for leaving their cars parked in the hotel yard.

Then, after a £2 "cap" to help pay for the hunt was gathered in someone's Harris tweed hat, everyone moved off towards the river bank. Eager hands heaved the hounds over the bridge parapet into the bright water. The air was suddenly heavy with the scent of crushed wild garlic.

"What are they doing?" an obvious city-bred visiting fisherman asked.

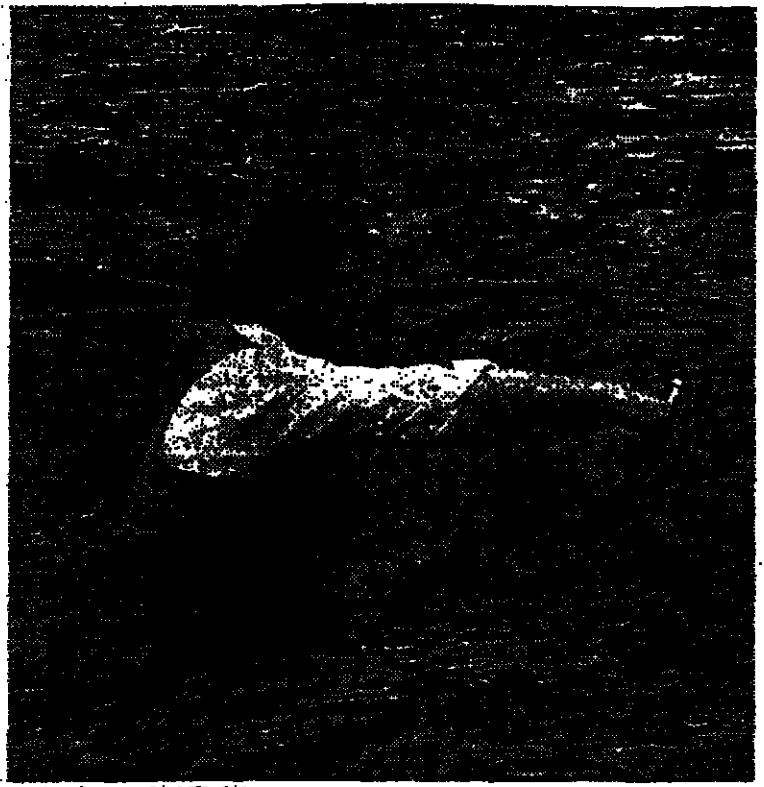
"They're after mink," he said, clearly not sure if the local was making fun of him. "How can they afford to kill mink like that?"

It is ironic that, while mink coats cost thousands of pounds (often more than the £2,000 a year needed to run a pack of mink hounds), the mink is officially designated a pest and hunted by 16 packs in Britain.

In the 1960s, the anti-fur lobby caused such a decline in the trade that some farmers released the animals into the wild, thinking they would not survive. But without natural enemies, the voracious predators flourished. Mink are so destructive and widespread that the Ministry of Agriculture has carried out several unsuccessful eradication drives.

Mink have ravaged bird-life to such an extent that the kingfisher, for example, is very rare in the West Country. They take fish, birds, even other cubs, weak lambs, and whole flocks of poultry. Except for hunting, the only way to control them is by trapping.

Paradoxically, the development of mink-hunting has given a fresh lease of life to the most potent symbol of the fur trade.



Left: John Underhill, joint master of the Devon and Cornwall Mink Hounds, wades through a river in pursuit of his quarry. Right: the first mink hunt of the season near Lifford, Devon



Photograph: Ashley Ashwood

bol of cruelty for the anti-hunting campaigners — the other hound. Since the other became a protected species in 1977, many of the distinctive woolly hounds with their partially webbed feet have become mink hunters. Mink hounds are now a recognised category of hound shows and are bred to hunt the small but quick and versatile mink, which can dive and climb trees with equal ease.

No one among the 40 or so who set out for the opening meet of the Devon and Cornwall Mink Hounds last Saturday saw hunting as the answer to eradicating mink. Last year, they killed a record 68 in a season which lasts until October. Hunting is a form of damage limitation. Hounds found their quarry for those on a stretch of perhaps three miles of the River Lydford, and each time the mink escaped.

Two spades were broken digging into drains where the evangelically

keen Jack Russell terriers could face and destroy their particular form of the devil in the dark. But mink can pass through a hole far too small for a minkhound.

The huntmaster John Underhill, who kenneled and feeds the pack's 12 couples on his farm at Torrington, cast his eyes upward to check the trees before blowing his horn and wading, sometimes chest deep, up river among the hounds — 13-year-old Soldier, Carradine, Nation, Lightning, and the rest.

Four whippers-in — two forward, two behind hounds on each bank — move in formation as the hounds cast from one side of the river to the other. Whippers-in, huntmen, terriers, assorted canine hangers-on and several followers can swim hundreds of yards as well as walk miles in a day's hunt.

If the hounds "speak" to others, they are called off at once, and the hunt moves away. The huntmaster

can tell whether hounds have picked up mink or other scent, from the note of their distinctively gravelly voices and from the line of the scent — a mink runs all over the bank, an otter straight.

Followers on the bank see the signs of mink: the patch of pigeon feathers, the quills chewed where a hawk would pluck them; the droppings laced with lambweed, though that does not mean the mink killed the lamb. There was a dead one by the field gate.

John Underhill, who collects dead animals from farmers as part of his job as kennel man, has noticed more sheep than usual dying this year, perhaps from heatstroke.

All this is part of what Freddie Martin "Darkie" Dark, joint master of the pack, and chairman of the Mink Hunts Association, means when he waxes emotional about "heritage".

Partly he is referring to the

hounds themselves, almost unchanged from the animals depicted in medieval tapestries. But it also has to do with something which is part of a broader scope of rural life stretching back generations — the passing-on by word and example of the once instinctive knowledge of the signs and signals of minute changes in the environment and natural life on which human as well as animal survival once depended.

Old men showed children where the fish would rise, the difference between a mink's footprint and a dog's, and where not to tread for fear of doing damage. Farmers noted a collapsed drain or a broken fence to warn the owner later. The rent holiday cottages during the off season and move back with their parents in the summer because newcomers and weekend commuters have pushed the cost of homes beyond reach. The West Country

man in Woostersque plus-fours who comes down at weekends from London and practices his golf swing in quiet moments among the buttercups. There are tough young men in singlets and jeans who work on the land or in the local towns; groups of women — "the wives of farmers, not farmers' wives. It's an important difference," as one protested to a local man who had probably never heard of the women's movement, and purist ex-otter hunters, perhaps a little scornful of this upstart quarry, immaculate in their blue serge waistcoats and breeches.

Those who were born thereabouts are part of a community where wages are based on the basic agricultural £120 a week. Young couples rent holiday cottages during the off season and move back with their parents in the summer because newcomers and weekend commuters have pushed the cost of homes beyond reach. The West Country

showed a 5.8 per cent increase in the incoming population last year.

Income and social differences disappear, however, when following the mink hounds. Farm labourers help a mineralogist on her 71st hunting season over stiles. A manual worker factory chaps up a weekend ending "bird from London," while a regional sales manager and a gentleman redolent of the Raj speculate on their chances. The mounted branches of hunting fox or stag — social divisions are probably deeper than ever, but wet feet are a great equaliser.

Mink hunting is relatively new. Although animal liberationists have planted petrol bombs in kennels, it is growing fast and could well become the field sport tailor-made to bridge the gap between the traditional, agricultural-based rural existence and the expectations of new urban or suburban refugees entering and changing country life.

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TRAVEL

On the trail of a cowboy legend

DUST. It creeps down the throats and clogs every pore of the passengers riding the Butch Cassidy trail. Nothing escapes the clouds of sand and grit which sweep down from the Andes, through Fly Canyon and across the plains of Patagonia.

Butch Cassidy and the Sundance Kid tried farming this corner of Argentina but the infertile land persuaded them back to crime. Route 258 between Bariloche and Esquel was named after Butch as a mark of respect - the Argentines say he bit the dust at the roadside in Rio Pico, a village near the Chilean border.

Argentina's wild west, which made Butch homesick for Wyoming, has not changed much in the 85 years since he rode through it with Sundance. The wooded valleys and harsh scrubland still look a safe haven for outlaws. It only became unsafe for Cassidy and the Kid after they bungled a robbery and shot dead a Welsh immigrant in Trevelin, 1,000 miles south-west of Buenos Aires. The personal effects of Liwyd Aylwan, the manager of the Chubut store, are on display in the town where he died. Liwyd never imagined when he left Gwynedd for Argentina that he would meet his end at the hands of America's favourite bank robbers.

His death is commemorated at the Trevelin mill, which now houses a museum celebrating the survival of the Welsh settlers who arrived in 1885. The exhibits include a Jones Sewing Machine "As supplied to her majesty Queen Alexandra," bibles published in London and press reports about Milton Roberts, the police commissioner who led the posse which killed Butch and Sundance in 1910.

Their demise is still a matter of conjecture. Hollywood had the outlaws gunned down in San Vicente, Bolivia, but this version has been discredited by historians. Lula Parker Betenson, Butch Cassidy's sister, claims her brother survived South America to return to the US. She told journalist Bruce Chatwin, author of *In Patagonia*, that "her brother came back and ate blueberry pie with the family... She believes he died of pneumonia in Washington State in the late 1930s."

All this has been ignored by tour operators in Argentina and the US. They know a money-spinner when they see one and Patagonian Adventures, a US travel company, has started treks to Butch Cassidy country. Tourists mean dollars and

In the penultimate part of his Andean series, Tim Burt travels the Butch Cassidy trail in Patagonia, and meets a number of Welsh descendants who maintain the first rugby pitch east of the Andes

Argentina wants to earn money out of the American duo and the Welsh communities they robbed. But the eight-hour bus rides between hotels and rocketing inflation may deter the big spenders from Patagonia, a region stretching 750 miles from Bariloche, Latin America's largest ski resort, to Rio Gallegos, the port opposite the Falkland Islands. Of the 74,000 Britons who visited Latin America last year, less than 3,000 opted for Argentina and fewer still gave Patagonia a glance.

The Government in Buenos Aires hopes this will change. President Carlos Menem, who is never short on words, has said that "tourism remains one of Argentina's great unexploited industries. It is the famous 'industry without smokestacks'."

There is little industry in evidence as you bump along Route 258. Work on a paved road is at a standstill and has been, on and off, for 15 years. There are no subsidies available and the labourers are on strike. The buses are picketed by strikers protesting at "the region without a highway, 150 workers without jobs, 150 families without food." The workers say they cannot afford the foot-long steaks which weigh in at \$2 each at the pricier restaurants of Esquel.

Meats in Patagonia and throughout Argentina make unhappy reading for vegetarians. Every bovine organ from brain to testicle is served up. There are, however, a few concessions to Welsh cuisine in Esquel, the town founded by settlers at the southern end of the Butch Cassidy trail. Teas and cakes are listed among the *pastes* - puddings - to satisfy the immigrants living along the Chubut River Valley.

Their names read like the team list of a Pontypool rugby XV: Nautilus Evans, Renee Griffiths, Anson Roberts, Leslie Rhys. In reality, Evans runs a tour agency in Bariloche; Griffiths is the first Argentine to breed guanacos - the cousins of the Andean llama; Roberts is a retired soldier; and Rhys is the former rugby coach of the Belgrano School in Buenos Aires.

They all speak Welsh and they all mean about Argentina's hyper-inflation. Anson Roberts, who lives in Esquel, says: "In 1985 I bought a house with what it now costs for a box of matches." Ten years ago a 10,000 Austral note was enough for a new car. Today it buys a few beers.

Some of the Welsh descendants work off their frustrations playing rugby outside Esquel. The first rugby pitch east of the Andes is little more than a piece of desert where the scrub is mown. Los Dogos, the home side, plays derby matches there against Odraig Goch, the Red Dragons, from Trevelin.

The game was introduced by British engineers who built the railroad which terminates in Esquel, the end of the line for South America's rail network. Once a week, the "coffee pot" - a narrow gauge locomotive - hauls a passenger service into the last station in the Americas before Antarctica. Buenos Aires is more than 30 hours away and delays are frequent. The Argentines say they know the railway is British-built because journeys are slow and the system loses \$3m a day.

There is no genuine anxiety, however, to thin the British. Many of the first European landowners were English and the estancias once owned by the crown still observe Anglo-Saxon rituals. The cowhands stop work every afternoon for a tea break. The gauchos are firm believers in tradition, and "tea at four" is one of them.

Apart from tea breaks, Argentine folklore says the gaucho is possessive of just three things: his horse, which is his freedom from the land; his woman; and his *facón* - the knife tucked into his belt - which is his companion and protector in a fight. They live a semi-nomadic life in Patagonia, a long way from the manicured ranches around Buenos Aires, and they hunt the wild boars, guanacos and rheas - the Argentine ostriches - which inhabit the region. Only the Valdes peninsula, where Route 258 meets the Atlantic coast, is out of bounds for hunting. The peninsula borders Golfo



Gauchos live a semi-nomadic life in Patagonia - a long way from the manicured ranches of Buenos Aires

Nuevo, the gulf where Parry Madryn dropped anchor with his Welsh settlers 125 years ago. The last British ship to sail into the gulf was the transport ship *St Edmund*. On July 14 1988 it returned 593 prisoners of war captured during the Falklands conflict. Few of the men on board dreamed that by 1990 the bleak steppe of land on the horizon would be advertised as a tourist attraction.

The peninsula is a 1,500-square mile nature reserve crawling with armadillos, desert foxes, rheas and seals. The wildlife has adapted to the climate better than man. The fishermen sit out the gales in boarded-up buses dumped on the sand. The armadillos, which look like armour-plated moles, are protected by their shells; the foxes sit out the storms in their layers; and the rheas can outrun the wind. Only the seals, insulated by layers of

blubber, remain unmoved by the harsh climate.

Herd of the fat mammals live at Delagado Point, which marks the end of Argentina. Going east, the next major landmass is Australia, and the elephant seals often wobble in that direction. Like human sunbathers they snore loudly, lie prostrate in the heat and look outraged when you sit beside them. They are a lazy lot, and even their growls turn into yawns. When they feel like a dip, they just roll into the Atlantic and swim away from Patagonia.

Tim Burt travelled with *Journey Latin America* (081-747-3108) which organises tours to Patagonia, and *Air France*, which flies from Paris to Buenos Aires. *Aerolineas Argentinas*, which flies to London, sells a six-flight air pass on its domestic network.

TRAVEL BUSINESS

The early bird...

BEING asked to book early for a skiing holiday this winter will be seen by some to be similar to being offered a package on the Titanic's sister ship following her unfortunate collision with an iceberg - psychologically tricky - especially after some fairly hefty price increases.

Both in spite of and because of last year's disastrous season, tour operators are falling over each other to persuade clients to book early. Mark Warner and Bladon Lines have taken the brave, perhaps foolhardy, step of giving clients the chance of cancelling their holidays up to 72 hours before they fly if there is still inadequate snow.

In Mark Warner's case, this means less than 15 per cent of runs and lifts being open. In the Bladon Lines deal the figure is not quite so generous: less than 10 per cent of runs and lifts open. Bladon Lines will deduct a £20 "cancellation" fee from any refund. Mark Warner would deduct 10 per cent of the holiday price. Such deductions will only be made retrospectively in the event of cancellation.

"What this means," says Mark Chitty, Mark Warner's managing director, "is that thousands of people, who might normally be too apprehensive about yet another snowless start to the season to book early, will now be comforted by the opportunity of cancelling or changing at the 11th hour."

Nelson is offering "unbelievably low prices" on bookings - with a £55 deposit - made before July 1. But, unlike Mark Warner and Bladon Lines, Nelson requires an insurance premium "upfront" of £39, which gives its clients the option of changing their bookings but only up until 15 days from the departure date. At this stage clients can change resort or delay their holiday - but NOT cancel it altogether without the usual 70 per cent cancellation charge.

Ski Thomson, the brand leader, is offering £50 incentives to clients who book before August 18. The company has done a deal with chain store C&A giving customers who book before August 18 up to £40 worth of reductions on ski clothing. Thomson is also offering groups of between 10 and 14 two free places instead of the normal one if they ski in low season in certain resorts. One or two children in a family can get reductions of up to 75 per cent if they book early. Thomson has also done what many tour operators have toyed with doing - moved the goal posts, if only in one country, Yugoslavia, by "delaying"

the ski season. "There's no reason why the season has to start before Christmas everywhere," says Mark Wenborn, Ski Thomson's programme director. "We're starting our programme in northern Yugoslavia on January 6, two weeks later than normal. The season there will end two weeks earlier, too. The skiing market needs to adjust to changing economic and climatic factors."

Thomson's rival, Inasun Skisense, has negotiated reductions from 40 hotels for groups who book before September. The minnows as well as the bigger companies are also trying to lure early custom. Both Ski Scott Dunn and Collingridge are offering next winter's holidays at last winter's prices providing customers book before June.

A number of companies, including Bladon Lines, Mark Warner and Nelson are issuing special "early bookings" brochures in advance of their normal brochures.

Fiona Esdale, managing director of Bladon Lines, was able to test the waters earlier than anyone by launching Bladon's early brochure more than a month ago.

"We've already had well over 1,000 bookings and we hope to have reached 4,000 by the end of June," she said.

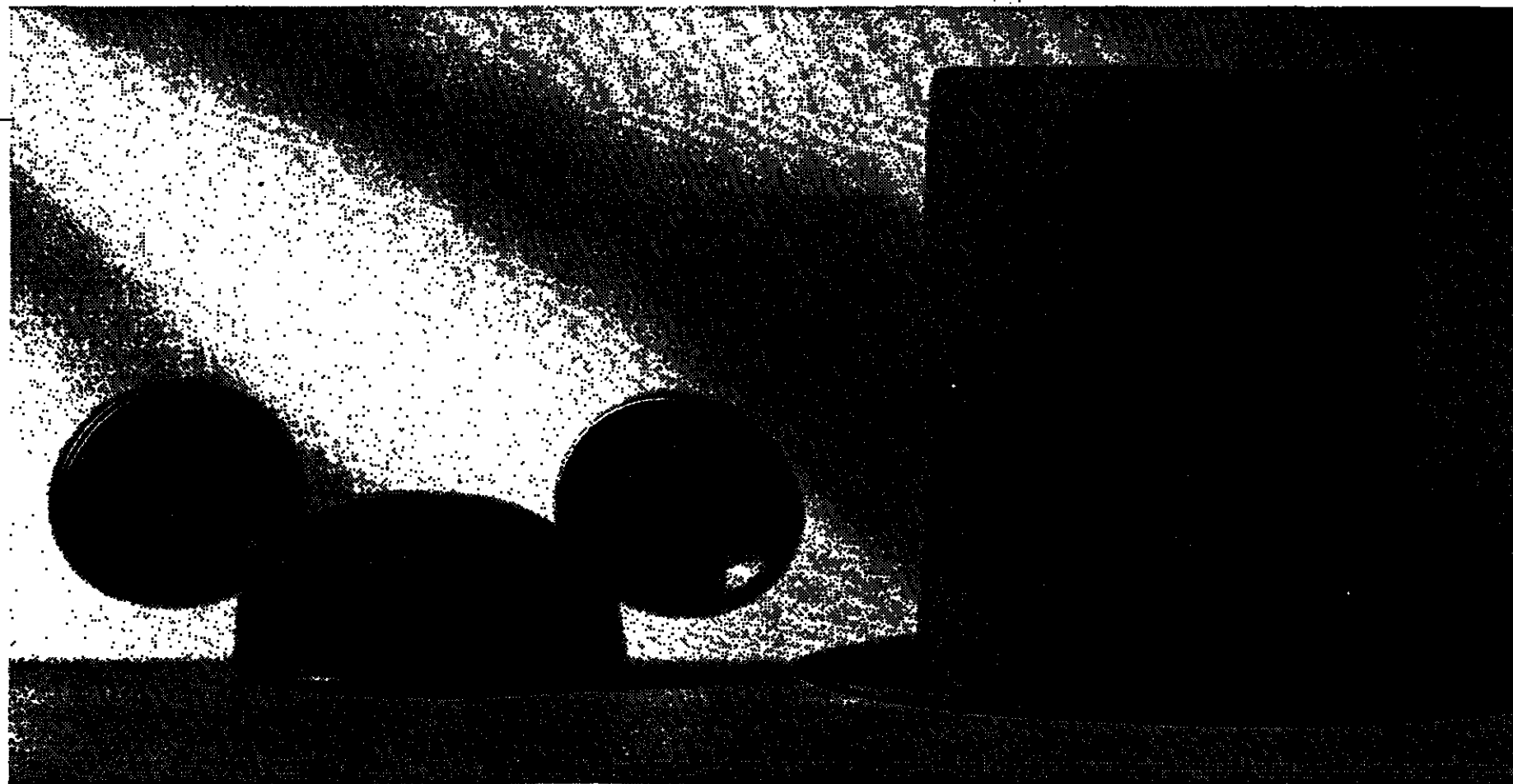
Bladon Lines is guaranteeing no surcharges. Esdale is predicting price rises of between 10 per cent and 15 per cent on skiing holidays.

"We thought about giving people £20 off their holidays," said Andrew Dunn of Ski Scott Dunn. "But then we thought that would be a little piffling. We considered giving customers a free gift - a telephone, for example - but we thought that might devalue our product and hard cash was better. So once our new brochure's out we'll be offering £50 off people's holidays if they book before September."

Collingridge is also offering 10 per cent off to clients who pay half the cost of their holiday before June 15. Part of the battle is to encourage skiers not to desert Europe for America, where the snow is normally a much better bet. Ski the American Dream, the only ski tour operator in Britain which couldn't care less about the weather in Europe as it doesn't send any clients there, is rushing out its brochure a month early.

Arnold Wilson

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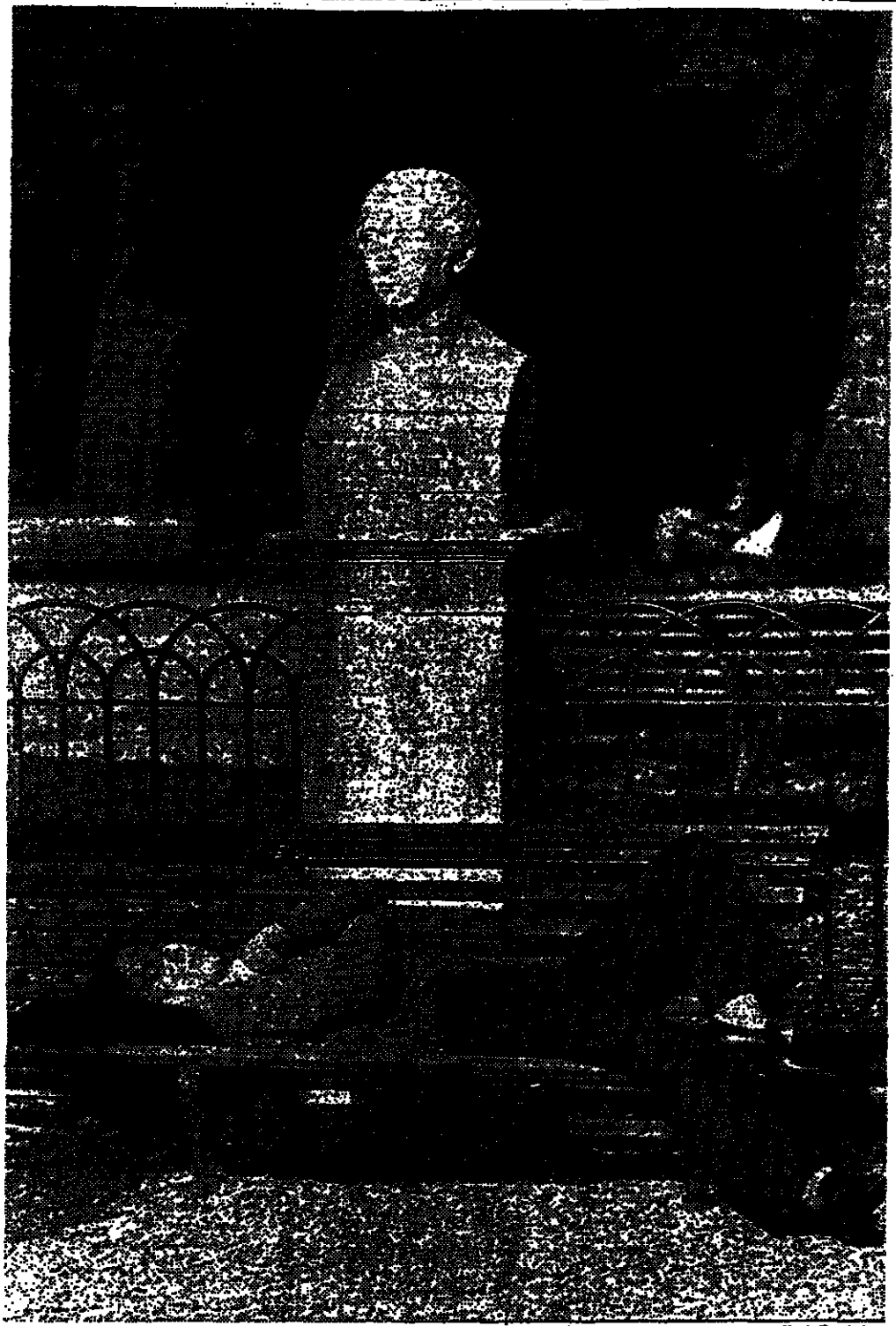
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Italy in Focus

TRAVEL

Next month's soccer World Cup looms large on Italy's horizon. But there will be life after the World Cup. To launch three pages of coverage of Italy as a premier travel destination, John Wyles, the FT's Rome Correspondent, describes his idea of the perfect day in the Italian capital

The Eternal City at your feet



Lunchtime near the Villa Borghese

Hugh Downs

IT IS usually the vista from the heights of Monte Mario at sunset, when the Rome at your feet is bathed in that golden orange light which burnishes the dome of St Peter's down to your right and turns the Tiber into a ribbon of flame, that the honoured guest munitis, almost inaudibly, "God, you are lucky to live here."

At this and the many comparable moments which Rome can afford, it would be churlish, inappropriate and insensitive to dissent. You know from previous experience that honoured guests have regarded the Roman traffic jams as a slightly irritating, but minor, eccentricity. They have had little or no contact with the Roman bureaucracy, scarce experience of the vagaries of the Italian telephone system and have never been confronted by a Roman taxi driver in a bad temper.

So it may be that Rome is an infinitely nicer city to visit than to live in. Many of the locals are undoubtedly disenchanted by the difficulties which bedevil daily life, from the clogging traffic and, in summer, associated pollution, to preparations for next month's World Cup which have closed important transport arteries and apparently required the repeated excavation of every street of any importance.

No Roman dinner party is complete without an exchange of political views, to confirm the general conclusion that "Roma è diventata invivibile." However, the natives and foreign Romanophiles have always tended to look back one or two generations to a golden age — these days it is to the 1870s when the strong and extraordinary Pope Leo XIII, who was elected in 1878, was throwing three coins into the Fontana di Trevi, parking was never a problem and the Vespa was a means of social as well as physical mobility.

In his two-volume *Walks in Rome* — one of the greatest guides to Rome ever published — the Englishman Henry James, in the mid 1890s the results of what he called "Sanctimonious rule after unification in 1870. This period had done more for the destruction of Rome, with its beauty and interest, than all the invasion of the Goths and Vandals. The picturesque of old days must

now be sought in such obscure corners as have escaped the hands of the spoiler."

Yet the supreme advantage of living in the Eternal City is that unique intimacy and feel for its special properties which grips even the most unromantic heart. In time, the resident accumulates a catalogue of favourite experiences, places and people which do not always feature prominently in the guidebooks and, therefore, are off the tourist's beaten track. Winnowed down, they can be assembled into A Perfect Day in Rome. Here is mine.

It begins with a haircut, usually before 8am when waiting time is at a

'At least five minutes should be spent in the tiny Piazza Colonna enjoying the square'

minimum. Why Italians should be particularly talented at editing the scalp is a mystery. But they are, and the good Roman barber complements his art with a conversational stream of consciousness which in the space of 20 minutes will range from a detailed appreciation of all of the First Division soccer teams to a sophisticated interpretation of the latest political crisis.

Sergio, of Sergio e Mario in Via Luciana, is particularly well informed because he attends to many political heads. Admirably, he has struck a blow for equal opportunity by employing the equally talented and rather more beautiful Anna, who is as tactful as he is talkative.

Both are Roman and speak with that heavily accented accent which suggests that the speaker has been hitting the grappa from an early hour. Many more of these sounds will be heard when talking the post-haircut cappuccino and cornetto (ask for "con crema," which is a custard-like sauce in the midst of the pastry) at any of the dozens of bars in the centro storico.

Suitably refreshed, it is time to head for Piazza San Ignazio, a short stroll from the Colonna, where at least five minutes should be spent standing on

the church steps enjoying the theatrical effect of this tiny square. Designed in imitation of a theatre set, anonymous actors spring suddenly into view from around the curved facades of the three delicious, ochre buildings which face you.

Then head for the river, via Piazza della Rotonda, through narrow streets still populated by artisans workshops, together with small antique shops which sit cheek by jowl with garish modern clothing emporia. Though the perfect day would generally avoid any congregation of tourists, it would have to take in the Sistine Chapel. The experts may still be at odds as to whether the techniques used to remove centuries of candle smoke and grime from the ceiling have lent an artificial quality to Michelangelo's masterpieces, but the colours are truly stupendous.

Since perfection is the objective, the ceiling would be viewed both from floor level and close to; unfortunately, the latter perspective was available only to privileged visitors allowed on to the giant scaffolding while the work was in progress. From here, it was possible to marvel at the mastery and boldness of Michelangelo's outlines, and at an artistic achievement rendered all the more miraculous by the realisation that the ceiling actually undulates from one end of the Chapel to another.

By this time, the inner person will be demanding some attention which should be sought at Nino's restaurant in Via Borgognona, near Piazza d'Espeza. Wood panelling gives this gastronomic jewel an atmosphere akin to a French brasserie, but the disarming arrogance of some of its waiters is all Italian. Tuscan dishes are its speciality, and value for money its supreme quality.

A favoured haunt of journalists, actors and the Roman demi monde, Nino offers the best spaghetti alla carbonara in Rome and a peperoncino alle vongole just like an Italian mother makes. Since excess is to be avoided at lunchtime, the pasta should be followed by a sprightly glass of sparkling wine, a deliciously tasty bite which leaves room for "Tiramisu," a sort of Italian trifle, with its mascarpone cream and a cascade of the brilliant house red

should be accompanied by a bottle of Italy's best mineral water, Ferrarelle.

Lunch is followed by a gentle walk along the Via del Corso. Here gipsy children armed with large pieces of cardboard should be kept at arms length, for they are the worthy successors to Fagin's band of pickpockets. Pausing to view two splendid Caravaggio in Santa Maria del Popolo in the Piazza del Popolo, the visitor should fall into a taxi and head for one of Rome's least known but most pleasant and wonderfully shaded parks at the Villa Glori in the Parioli district.

A period of shopping would then be in order or, if the credit card could not take the strain, window shopping. Italian design is magnificent, of clothing and textiles, of ceramics and glass, of shoes and leather goods. All are on gleaming display in the network of streets which run between the Piazza d'Espeza and the Via del Corso. If the prices seem high, in Milan they are higher.

Your early evening thirst could be slaked in the ancient Cafe Greco in Via dei Condotti or at the small bar at the Hotel d'Inghilterra, if you do not mind intruding on the regular private party. It is better, though, to strike out for the west side of the Piazza Navona to the Cafe della Pace in the Piazza della Pace where a good glass of prosecco (an Antinori, say) matches the reviving qualities of a good champagne.

After which the entire day may seem to have been a preparation for the pilgrimage to Piazza Campitelli, on the edge of the old ghetto, where the Vecchia Roma makes available an al fresco dinner of some quality in surroundings mercifully free of much traffic movement. There you can sit reverentially in front of a plate of baked, breadcrumbed cuttle fish and a bottle of Chardonnay from the Veneto.

Rome has no night life to speak of, outside of discotheques and night clubs where nihilism and noble ladies separate male clients from large amounts of their money. No matter, for a gentle climb to the top of the Campidoglio is sufficient to quicken the pulse and keep high the spirits at the end of a perfect day.

Ah... a lifetime of affairs

IT MUST have rained in the night. If not, it is going to. Thus we present locals eagerly greet the three broody blobs that now and then pop up like cant-bored cut-outs on our southern horizon. Here, at their nearest point on the mainland, in my Italian hideaway near the foot of Monte Circeo, I am content that they should lurk behind the filmy haze that usually obscures the 30 miles of Mediterranean between us: it serves to smother the gusts of bitter-sweet nostalgia from Memory Lane, Pozza.

That is the island in the middle, the long one, flanked by two lumps — to the right (the west, that is) Palmarola, to the left, Zannone. Beyond them, half-way to the Bay of Naples, squats the fourth of the Pontines, Ventotene, with its tiny satellite, Santo Stefano.

I have had a lifetime of memorable affairs with Italian islands. In my callow youth I flirted with Capri and Ischia, but even then found their undoubted charms somewhat tarnished because they had to be so widely shared. After an infatuation with rolling, green Etna, I began to form my lasting relationships with the more humble islands that micro-dot Italian waters.

For years I flitted promiscuously from one to another, always returning, however, to my first love, Pozza, and occasionally to my second string, Giglio. Though each has its own personality, most of these rocky outposts have many blessings in common: unspoiled ruggedness — multi-coloured by centuries of volcanic convulsions, yet softened by a clothing of aromatic bush — secluded coves, translucent clear sea and modest settlements of colour-washed houses that embrace simple, unpretentious facilities that enable visitors to sleep, eat and drink well.

Happily they undergo little change, even though they are invaded in high summer, especially during the traditional August holidays. So they retain a refreshing remoteness, free of high-rise and grand hotels, unexploited by tour operators, little known to foreigners.

Yet they are generously served from the mainland by an extensive network of big, powerful boats and hydrofoils. I once spent a balmy summer night sleeping intermittently on the steel deck of a boat from Naples to Lipari, the largest of the Aeolian Islands. They are much less painfully reached from several ports on their mother island of Sicily, off whose north coast they are

scattered. But my crickled neck and aching back were amply compensated for by the enchantment of switching quietly into the hushed harbour of Stromboli in the first flush of dawn. The dominating, still-active volcano, its top capped streaks of sunrise, added to the feeling of awe. Panarea, Salina, Vulcano, Filicudi and Alicudi complete this lovely archipelago.

North of Palmarola, Ustica is a blend of green cultivation and volcanic grey. It is now a marine reserve, long since released from its sinister role as a place of exile for opponents of the Fascists.

Of the western tip of Sicily the three Egean islands are served from Trapani. The serenity of these islands has an overlay of that dusty, grave, mildly sinister ambience that many travellers to Sicily find fascinating. But

Alan Ponsford admits to serious flirting — with Italian islands

those to the south, Pantelleria and the two main Palmarola islands of Linosa and Lampedusa, have made the feeling of nearby Western Africa. These are places thought of by knowing Italians as almost sub-tropical retreats. Baked during long summers, their greenery has had to give way in places to stretches resembling the deserts of Libya and Tunisia. After the bombing of Tripoli and Benghazi, Colonel Gaddafi took a few pot-shots at Lampedusa, but missed.

On the call of Italy, the generally succulent eastern coast is relieved by the spur of the Gargano, which is uncharacteristically verdant. The gentle hills are pine-clad and seem to form a shield identical pieces to form the Trenetia, reportedly still nearly as tranquil and untouched as I remember them 25 years ago.

Although massive Sardinia hardly qualifies for my collection, I did once make a post at its little subsidiary of San Pietro, nudging its bottom left-hand corner. In the pleasant resort of Carloforte I booked a two-week family holiday in July. The dividing channel is renowned for an annual migration of tuna, which the local fishermen harvest in huge numbers. But its water was so cold that we retreated to our beloved Pontines for the second week. Pozza has a flavour and a rhythm all its own. Being so

accessible to Rome and other flourishing parts of Lazio, it has had an unobtrusive dash of sophistication and style injected into the customary informality and indifference of life. Moreover, it boasts a stunning, amphitheatrical port, where most activity is concentrated. Around it rise tiers of flat-topped houses, mostly white and deep rose pink, but some tinted in delicate shades of cream, yellow and even blue.

The encircling harbour wall is double-decked, the upper layer a traffic-free, cobbled promenade. To the lower one are tied a mass of assorted craft, with the traditional blue and white fishing boats jam-packed among all sizes of visiting sailing yachts and motorised gill-palaces.

Boats and rocks are what daytime Pozza is essentially about. The island, five miles long and nowhere more than a few hundred yards wide, has few sandy beaches. But its contorted coastline is beautifully dramatic and subtly coloured. Centuries of explosions, eruptions, lava flows and general heaving have left towering white cliffs stained with golden-brown patches encrusted with tufa and magma.

Of a summer's morning, visitors stream out of the fishing town in small craft. With their picnic of crusty bread, prosciutto and wine, they make for a favourite inlet, strip of gritty sand or rocky perch, leaving the town virtually deserted by mid-day.

After a long absence I have been back to a Pozza I never knew. Neither the dazzling Chiara di Luna Hotel, its luxury pool nor its superb, delicate cuisine were in our bracket through all those years. The nearest we got was the ancient Romans' tunnel that passes almost beneath the hotel to the long, shingle beach from which it takes its name.

The scene we knew was viewed from one of the plain but adequate rooms of the Mar, above the quay. There we would watch the procession of boats: coming home in the late afternoon, when the port is bathed in a radiant pink glow. Now, as then, the labyrinth of alleyways spill out the east of the early evening passeggiata — arm-in-arm, casual-smart and harmlessly posturing, the more so at weekends when the Romans come in force. Few eat dinner in one of the handful of unassuming hotels; in fact, many stay in private houses. They lounge on the pavement and terraces of a dozen simple restau-

rants for freshly-landed seafood.

Pozza's neighbour islands are quiet and less visited. Neostromboli day trips to Zannone and Palmarola. But are unobtainable except for migratory birds and, on Palmarola, a few recluses who occupy a beehive of caves in summer. The more distant Ventotene is immensely picturesque with a strong Neapolitan influence in its character. Mariners tie up in an ancient Roman port. The island is famous for lentils and, like its diminutive offshoot, Santo Stefano, for the exiles of many ages who made involuntary visits. Santo Stefano's prison fortress has lain abandoned for 25 years.

Among those who know both Pozza and Giglio (pronounced *Jee-jo*) there are those who prefer the latter. They find it more natural, its scenery greener and more melodic. It is certainly a lovely island, perhaps at its best in May when it is in full bloom with wild geraniums, broom, rosemary and capers.

It, too, has an attractive harbour, but the rugged, rocky, dusky beach punctuated by restaurants jutting out from the quayside on stilts. Returning last year, I found that the tight restraints on development were still preserving the idyllic charm of this tiny island. The ancient Roman villa, the terracotta buildings and their low-pitched, tiled roofs; white-painted houses are discouraged. Nothing had changed in the Castello, the medieval walled village perched on the rocky spur.

At the far end of the island, Campese had been allowed to grow a bit around its beach and Medici tower. In this bay a few years ago an Oxford archaeologist named Mansueti found the wreck of a 3,500-year-old Etruscan trading vessel and recovered a wealth of treasures from her. It was reckoned to be the oldest shipwreck ever discovered. Even in September there were lots of BMWs and Mercedes to clog the port and Campese. Germans and Swiss find it easy to drive down to Porto Santo Stefano, 60 miles north of Rome, for the ferry to Giglio, but it remains little spoilt.

Ferries operate to Pozza — a few also to Ventotene — from various mainland ports. In summer there is now a catamaran from the port of Fiumicino, near Rome's main airport. But my favourite route is still by train or bus from central Rome (or taxi from the airport) to Anzio for a launch of pasta and shellfish on the quay before catching the afternoon hydrofoil.

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TRAVEL - ITALY IN FOCUS

TRAVEL BUSINESS

Bellissimo - an upturn in demand

WHILE THE rest of the Mediterranean is feeling the repercussions from the downturn in demand for short-haul holidays this summer, Italy is reportedly faring less worse than its neighbours in attracting British holidaymakers. In fact, some parts of Italy such as Tuscany and Umbria - away from the more popular packaged tourist areas - are experiencing their strongest demand for several years.

Specialist tour companies, moreover, are reaping the benefit of the trend away from traditional beach destinations towards holidays featuring Italy's rural countryside, culture and lakes.

They report the level of demand well ahead of last year. In fact, a buoyant year for Britons holidaying in Italy, Citalia, for example, says it is some 7 per cent up on last year; other operators, including Magic

of Italy, Quo Vadis, and Meon Holiday Villas report the same.

The World Cup has clearly been significant in bringing Italy to the forefront of holidaymakers' travel plans, although most operators report the football festival as something of a mixed blessing. Sardinia, especially, is suffering from the poor publicity surrounding football hooligans and bookings are down (apart, so tour companies report, from the Forte Village on the southern coast of the island).

Yet the massive publicity associated with the World Cup will give Italy international exposure.

What has made Italy so popular with Britons this year is that it attracts those consumers who have been less affected by high interest rates and the poll tax. "Those factors have taken away the bottom 20 per cent of the market who traditionally want

a beach and sun destination such as Spain and left those with more money and a desire for something different looking towards countries such as Italy," says John McSwan, managing director of the Thomas Cook travel agency chain.

Italian lakes and mountains are a prime example. Three years ago demand from the UK for these type of holidays was stagnant; now the search for quality destinations and the growing importance of the over-50s in the holiday market has seen a sharp increase in British holidaymakers.

Prices are not cheap: Italitour, for example, is offering seven nights at the Grand Hotel Villa Serbelloni on Como for £289.

But the quality of the holiday is more important than the price for many Britons. Quo Vadis, for example, has completely revamped its Ciao Italy programme to

focus on the independent quality-conscious traveller. Citalia, Magic of Italy, and Pegasus are all putting increased emphasis on two or three centre holidays with an itinerary for each traveller.

Fly-drive holidays are becoming increasingly popular although Pegasus also offers drive-yourself deals with Sealink, Hovercraft, and Avia. Traditional villa holidays are also in great demand, operators report, especially with families. Sovereign's villa programme concentrates on the Tuscan Riviera, just north of Pisa, with prices starting at £217 per person per week including flights from Gatwick.

Just Italy, an offshoot of the established Just France, has 50 properties on offer this summer in its launch brochure, including apartments in castles and villas in Tuscany, Umbria, and on Elba.

Those families seeking an even cheaper

deal to Italy might consider camping now that many Italian campsites are more sophisticated in their facilities. Eurocamp, for example, offers various sites on the Tuscan coast and other areas. Standard tents are equipped with all mod cons - refrigerator, electric lights and gas cooker - while the campsites at Lake Maggiore also offer mobile homes.

Italy's success this year is clearly about the needs of niche markets rather than catering to the mass-market tastes of the British holidaymaker. Cultural holidays, for example, are particularly popular: Travel for the Arts is next month offering a one-week trip to Florence for \$885 per person to hear Luciano Pavarotti appear in Il Trovatore at the Teatro Comunale.

Italian State Tourist Office 071-408-1254; Adriatic Riviera Information Office 071-323-5546; Travel for the Arts: 071-483-2293; Citalia 061-686-5633; Sovereign Holidays 0293-561444; Quo Vadis 071-367-8123; Magic of Italy 081-748-7575; Pilgrim Air 081-748-1333; Pegasus 061-772-3233; Abercrombie & Kent 071-730-9504.

David Churchill

A town which excludes the faint-hearted

Robert Graham visits Positano, a place still dominated by the grandeur and intimacy of its environment

ONLY SPECIAL places instantly obviate the inconveniences of getting there. Positano is one of them. Forget the horror of a pre-dawn alarm call, the wait at London's Victoria Station for the first train to Gatwick at 5.30am, the 2½-hour flight to Naples.

Forget the luggage which never appeared and was found when, against all rules, I was allowed to inspect the holds of three aircraft parked outside the Naples terminal (my suitcase was embarked for Bari). Forget the car ride amid the congestion of the *autostrada* and the winding cramped road past Sorrento to the Costa Amalfitana.

All that evaporates; indeed, six hours of travel from London serve as an almost perverse appetiser for the first view of Positano in bright Mediterranean light. From the road high up you look down on the whole sweep of mountainous coast framed by a solitary pine; below, a small town in soft rust, yellow and white tumbles down enormous near-vertical cliffs in neat terraces to a limpid sea.

I had not been to Positano since the early 1970s, and I feared finding the blight of development that has affected so much of Italy's beautiful

Mediterranean coast. But the town was essentially the same, still dominated by the grandeur and intimacy of its environment.

The steep mountain gradients have thankfully prevented big hotels. The beach is small and the basic laws of space exclude large numbers, while the coast road is so narrow, tortuous and precipitous as to permit only essential bus and truck traffic. Unlike better-known Amalfi, the main road runs behind the back of the town. Positano also excludes the faint-hearted since any walk is up or down countless steps. However, such limitations are Positano's essence rather than being altered by tourism. Positano alters the tourists.

Though its "name" is linked to the aesthetes and hedonists who in the past have been attracted to the Costa Amalfitana and Capri, Positano is off the track of most foreign tourists, who anyway seem prevented by a psychological barrier from venturing south beyond Rome. Cognoscenti say the three summer months are to be avoided - too much congestion on the roads and too many Napolitani.

Anyway, Positano is at its best out of season. In early spring, when the almond blossoms

are in flower, or in autumn, when the sea water is still warm, Positano is a marvellous base from which to explore or relax.

There are plenty of small hotels and pensions in Positano, though very few trouble to remain open all year round. The main hotel, Le Sirenuse, does cater specifically for out of season visitors. Called after the three tiny islands just off the coast where local legend places the Sirens, Le Sirenuse offers a mix of quiet charm, good taste and outstanding cuisine: a combination that helps one forget the cost. Like all top hotels in Italy, Le Sirenuse is pricey.

Originally it was an 18th century country retreat from Naples, and little used until the Second World War. In 1952 its owners, the Serale family, converted it into a hotel. From

a modest half-dozen bedrooms it now has almost 60 and is part of the Leading Hotels of the World organisation (one of four south of Rome). Built into the side of the mountain on six levels, there is a series of public terraces, including a swimming pool, all with the same spectacular view down to the beach 200 metres below and across to the Sirenuse islands (now the retreat of Rudolf Nureyev).

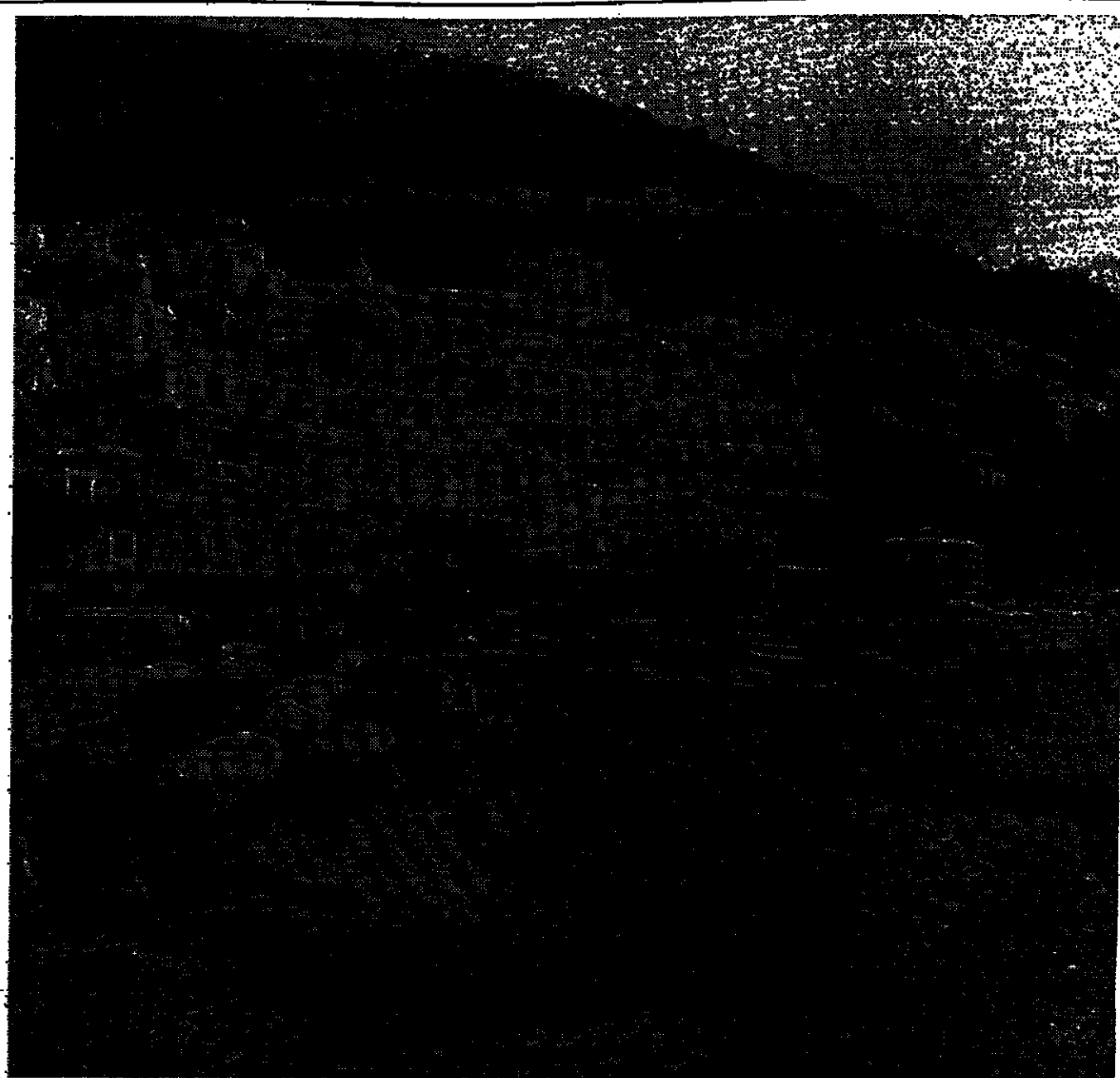
The chef, Giuseppe Vitagione, only shrugs when asked about his culinary secrets; but he triumphantly demonstrates that well-cooked pasta with fresh ingredients takes a lot of beating. His spaghetti *alla puttanesca* (fresh tomatoes, basil, hot peppers and lots of parmesan), *Sirenuse* (steaming hot seafood, parsley, and light tomato sauce), and *cavi su zucchini* (courgettes and basil) are wonders.

Several restaurants take a lot of beating. The beach, where atmosphere is more important than food. Out of season Cher Black manages to draw the clientele by some indefinable attraction when the others appear to offer more or less the same.

Positano's other top-class hotel, just out of town, the San Pietro, has spectacular views and reportedly a good cuisine, but it was closed when I was there.

Pleasures in Positano are simple. Cocooned from the outside world by the mountains behind and with the sea in front, there is nothing more agreeable than soaking up the view and musing about life while sipping a glass of cold white wine. Though it is only half a day, there is time to savour the cathedral, the Villa Rufolo (where Wagner wrote *Parsifal*) and the Villa Cimbrone, whose terraces boast the finest view in Europe.

Further afield, and touching base with Greco-Roman civilisation, is Paestum. Although one of Italy's most important archaeological sites - it dates from the 6th century BC - the only visitors I saw were a newly-married couple being videoed among the temples. The three temples of Juno, Neptune and Ceres are exceptionally well-



Positano: at its best in spring and autumn

gardens, breathtaking views and unforgettable 12th century masterpieces. Even if it is only half a day, there is time to savour the cathedral, the Villa Rufolo (where Wagner wrote *Parsifal*) and the Villa Cimbrone, whose terraces boast the finest view in Europe.

Further afield, and touching base with Greco-Roman civilisation, is Paestum. Although one of Italy's most important archaeological sites - it dates from the 6th century BC - the only visitors I saw were a newly-married couple being videoed among the temples. The three temples of Juno, Neptune and Ceres are exceptionally well-

preserved and in the museum they have some fascinating finds, including vivid early Greek tomb paintings. Paestum can be reached in 90 minutes, and after a good morning's browsing among the ruins, the *Elaborato Nettuno* is there to boost flagging energy. (It is essential that you try the local mozzarella, which lives up to its fame as the best in Italy).

On the way back, stop off at Salerno. Once you have fought your way through the clogged outskirts, the reward is a magnificent Norman/Arab cathedral whose mossed pulpit is especially fine.

If you have only got a few days, I would leave Pompeii or Herculaneum, the Roman cities destroyed by Vesuvius, until the end, for they are easily combined with your return to Naples. Of the two, I would visit Pompeii for accessibility and sheer scale. However, I opted for a recently excavated site in the Bay of Naples, Villa Oplontis. This is an enormous villa, well restored, with a quite extraordinary collection of frescoes. Villa Oplontis can be seen quickly and allows time to go into Naples itself and visit one of the city's great museums (providing it is not a Monday). I chose the National

Museum where the best pieces from Pompeii and Herculaneum are housed, and, *mirabile dictu* for an Italian museum, most are on display.

All this may sound a bit breathless, but here is how I handled Friday-through-Tuesday effortlessly. Friday: Arrive from Gatwick to Naples; hired a car and drove to Positano; arrived before lunch and took it easy. Saturday: Positano and Salerno. Sunday: Amalfi and Ravello. Monday: took it easy. Tuesday: Villa Oplontis and Naples. Easy. Aitallian: return fare, Gatwick-Naples, about £133-£153.

Agritourism begins to take off

UNTIL RECENTLY, one of the most serious shortcomings of Italian tourism was the absence of good quality medium-priced accommodation. Italy has been surprisingly slow to develop the small country hotels that make stopovers in France such a delight.

At long last, however, the deficiency is being corrected through the growth of agritourism, based most frequently on or around farmhouses and wineries keen to offer reasonably-priced accommodation in the heart of some of Italy's most beautiful countryside.

According to Agritourist, the industry's national

association, in the region of 7,000 agricultural establishments are now offering around 85,000 beds to roving tourists. The most recent figures suggest that around 750,000 people took advantage of these facilities last year, staying for an average of eight nights each.

Entrepreneurial farmers, squeezed by the decline of small-scale Italian agriculture but reluctant to leave the land, are responsible for many of the agritourist initiatives of recent years. Ron and Ros Colley fit into no such category, but they have brought more than a touch of missionary zeal to the task of propagating rural pleasures

and traditions. Over a period of 15 years the Colleys have transformed a ruined Tuscan mill and its outbuildings south of Florence into an idyllic agritourist delight.

English by origin and African by experience - Ron worked on food development schemes for Louisa - they embarked on their Tuscan adventure in the mid-1970's. The family objective was "to find a base in Europe where I could bring up my two daughters as Europeans, fluent in European languages," says Ron. But the aim was also to achieve a lifestyle associated with the land which was also likely to bring them into contact with a wide variety of people.

After many years of hard graft by the Colleys, Il Mulino le Guacchiere is now equipped with four apartments furnished according to Tuscan traditions, three of which sleep 4-6 people.

Lying in a valley just outside the medieval village of Loro Ciuffenna, Il Mulino is at the same time a perfect refuge for those who wish to bury themselves in the heart of the splendid Tuscan countryside, and an ideal recovery ward after a day spent soaking up the splendours of Florence (half-an-hour away) or Siena (one hour).

The apartments have full self-catering facilities, although many guests prefer to hand this task over to Ros Colley, whose mastery of the art of Tuscan cooking is confirmed by the frequent

presence of Italians in her taverna. With its vaulted ceilings and open fire, the Colley taverna is warm and intimate in winter and cool and cheerful in summer. The home-produced fare includes delicious chicken and goose liver pates, pungent herbal sauces to accompany the pasta and roast poultry of every variety.

"We have had to learn a totally new set of skills," says Ron, now an accomplished winemaker, poultry farmer and rabbit breeder who provides not only for his own table but also markets his products in the surrounding area. For both he and Ros, the rewards of an 18-hour day, seven-day week derive from being able to serve organically fresh produce to visitors who rejoice in the cultural and scenic riches of Tuscany.

For those in no hurry to visit the obvious attractions of Florence and Siena, the mountainous countryside around Loro Ciuffenna offers many beautiful drives and walks. From the vantage point of the Pratomeno, 1,300 metres high, the view down the Arno valley is quite breathtaking, with the gentler Chianti hills rolling to the west and south, on the far side of the river.

Love itself is quite delightful, with a cool narrow main street, an excellent pizzeria and a bar run by Enzo and Christine, an Italian couple who had spent all their adult lives in Coventry until Enzo decided to return to the family village eight years ago.

Francesco Columbini is also working imaginatively to revive rural Tuscan traditions. His *Fattoria del Barbi*, which produces the incomparable Brunello wine just outside Montalcino, in southern Tuscany, stands on a beautiful estate on the side of Monte Amiata, where she has married production of cheeses, hams and salamis to that of wine.

Visitors seeking an authentic taste of Tuscan culture can take a tour of the local woodland, guided by a professional woodman who lectures enthusiastically on local proverbs and songs, as well as on the flora and fauna.

Those needing accommodation can motor eastwards to the family's other vineyard, Colle di Trequanda, where no fewer than 95 beds are available in apartments and restored country cottages. But they should eat first in the Barbi's restaurant, where yet another English cook, Mary Bailey, presents the local cuisine with more skill and imagination than most of her local counterparts.

Il Mulino de Guacchiere, tel: 055-8172098. Open all year. Four-star bed apartment, £650,000 a week; two beds, £300,000.

Fattoria dei Barbi, tel: 0577-552877, Colle di Trequanda, 0577-562108. Open all year. Four-bed apartment, July-August, £650,000 a week; June and September, £450,000; other months, £440,000. Six beds also available.

John Wyles

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TRAVEL - ITALY IN FOCUS

Medieval bounty

FORK LEFT after lunch, our Bolognese friend had said. So we did. Thus, after having threaded a spectacular course among French, Swiss and Italian alpine peaks, we dropped eastwards towards the Dutch-like flatness and bountiful heart of Emilia-Romagna, often fog-shrouded in winter but now shimmering under the May sun.

Bisecting the fertile plain, the autostrada, straight as the Romans' Via Emilia that it parallels, will, if you let it, sweep you right across the thigh of Italy to beach you among the serried ranks of charter flight sun-seekers on Romagna's Adriatic shore at Rimini. Those who aspire to greater things know better than to follow it beyond Bologna, capital of Emilia and of the Italian gastronomic belt.

The horses of northern Europeans who here congregate at Turin, or skirt the Riviera coast, dashing pell-mell for Tuscany and points south, unknowingly spurn the clitch of handsome, ancient cities protruding the Via Emilia. They are focused on a profile land whose combination of medieval character and culinary riches is as revered by its countrymen as it is neglected by others.

For British visitors, Bologna inevitably presents a conundrum: the city is a medieval city, yet it is a city of the modern world. The overwhelming medieval influence has bequeathed it some of the finest individual buildings and works of art. Yet in its totality it presents an equally impressive - though quite different - beauty and personality.

Well preserved within gridding walls, the city glows with a ruddy-orange masonry finish in street upon street of gleaming brick and tile. They are honeycombed by 21 miles of arcades, formed by more marble porticoes than grace any other city.

This noble architecture lends a certain gravity. Yet, being less discovered than its flamboyant Tuscan neighbour across the Apennine, Bologna more asserts its local flavour: the genuine, bustling, lived-in and worked-in feeling of a community that has not had to defer to a tourist occupation force. Along those thronged

arcaded pavements, in the atmospheric restaurants, in the elegant modern shops and bars, foreign faces and tongues are refreshingly in the minority.

Nor are the articulate Bolognese elbowed out of the two great adjoining squares, Maggiore and Nettuno, from which their city radiates. There, in the shadows of the cathedral's huge basilica, and two leaning towers, huddled scurrums of men traditionally argue politics in one piazza and football in the other, with a vehemence of mouths, arms and hands.

Spirited self-expression, however, is not a radical left-wing politics are long established in these parts. Bologna's university is the oldest in Europe. The Communists are habitually elected to govern - reputedly more self-centredly than most - throughout the region, which is the most industrious and prosperous in the country.

Most of the splendid sacred buildings, museums, galleries and palaces of Bologna are easily explored on foot. A logical starting point is the church of San Petronio, which presides imperiously over the Piazza Maggiore, though its brick facade stands rather self-consciously half-naked, uncompleted 600 years.

Pointing yourself in any direction, you will find that all those suave, mellow walls enclose a wealth of treasures: frescoes, sculptures, carvings, furniture and paintings. The National Picture Gallery alone is worth half a day. The display that embraces several centuries of Bologna painting schools is especially notable for the baroque, classical works of a local hero, Guido Reni.

Bologna's claim to fame (the fat) belies the delicacy and originality of the region's renowned food and cooking. To say that its great strength is pasta inevitably suggests spaghetti. But that is a word missing from a surprising number of menus; indeed, so is the sauce you would most expect to find.

No, it is filled pasta that predominates - sachets, envelopes, squares, rolls, stripes, tubes and ribbons, stuffed, wrapped, laced, topped, covered, smothered and sprinkled with herbs, cheeses, meats, cream, olives, walnuts, truffles, vegetables, even poppy-seeds or nettles.

Little tortellini are said to be fashioned in the image of Venus's navel. Ricotta cheese is mixed with herbs to fill the larger tortelloni. Local variations, which abound in the smallest towns and villages, can provide pumpkin stuffing for squares of tortelli and dumplings of smoked salmon, asparagus tips and mushrooms to tuck over green tagliatelle.

Faced with the limitations of time and digestive capacity, we settled for the short-cut through the formidable range of Emilia fare - the *mare*

Alan Ponsford enjoys eating his way around Bologna

(culture). So, starting our discovery of Bolognese restaurants at Da Nello, recommended by an impeccable native source, we ordered pasticcini and thereby sampled large scoops of several varieties.

You could, if you wished, continue this popular play through dinner. The chef will provide you with a selection of his main courses. In a *ristorante* like this, it is not unusual to find an assortment of the sausages and other delicacies produced from the second maternity of Emilia's cuisine, the *pic*.

At the right time of year, *wisole di frutta di bosco* would be served, a wild strawberry, raspberry and blackberry. And its most appropriate additive would be a drizzle of that world-famous fluid from just down the road, at Modena, *aceto balsamico*, the very special vinegar that evolves virtually in a wild cellar as it is aged in bags for five, 10, even 30 or 40 years.

Among the city's many other restaurants, some are more formal than Da Nello. The top ones include I Cannoli, Pappalardo, Pappalardo, Pappalardo and Pappalardo. You can eat well for £20-£25 a head, including a bottle of one of the fine wines produced around here, most likely the purple Lambrusco grown in the hillsides near Modena and Reggio Emilia. Plenty of places cost less.

Our most enjoyable meal was in the warm, convivial atmosphere of La Filomena in Parma. Its offerings naturally included what we had thought the classic of all cured hams, *prosciutto di Parma*, each of which is aged for at least a year in one of 250 nearby factories. But it was surpassed by *cavatelli*, even more tender and delicious, less fatty and a good deal more expensive, a speciality of a few villages in the province of Parma, where it is taken from the prime part of the rump and hung for several years.

Similar ageing is required for the huge wheels of the unique *Parmigiano Reggiano*, not to be confused with the cheeses lumped together as "parmesan" and grated over spaghetti.

Parma is a small gem of a city, displaying proudly, particularly in its exquisite cathedral and baptistry, the marvellous transition from 11th and 12th century Romanesque to 15th and 16th century Gothic.

We found this again in the Duomo, a masterpiece of Gothic architecture, a jewel of a cathedral, and a masterpiece of sculpture and architecture. It also has a reputation for hard-headed international trading, but no hint of the Messerati and Ferrari factories intrudes into an otherwise charmingly old centre. We were happy to confirm that its pride in *asparagi*, stuffed with lentils, was fully justified.

Back in Parma we marvelled at the wooden 16th century ambitheatre of the Farnese Theatre, which has been restored in intricate detail after terrible destruction by bombing in the Second World War.

But it is in the lively Regio Theatre that appreciate the violence and wit of their responses. They represent a long artistic tradition exemplified by Parma's glorification of its favourite sons, Verdi and Toscanini, and of Correggio and Parmigianino, whose frescoes and other paintings have adorned its churches for centuries.

A long succession of warring rulers from the north and the south put contrasting stamps on the cities and peoples of Emilia, and often set one against another. But they left throughout the land the most glorious heritage of architecture and art and a universal enthusiasm for eating, drinking and cooking matched nowhere else in Italy.

A CENTURY ago, the danger to travellers in Calabria - that harsh conglomeration of hill and dale which forms the toe of the Italian boot - was often one of bandits. The eccentric Edwardian traveller Crawford Tait Ramages complained of this region that "it is indeed most harassing to be constantly in the expectation of being either robbed or murdered."

Today this is no longer quite the case; and there is little danger to tourists from the fearful *Ndrangheta*. Only Italians - wealthy ones - need fear this Calabrian version of the Sicilian Mafia, whose chief speciality is kidnapping; Calabria is 92 per cent mountain; victims are easily sequestered at the bottom of a ravine or gorge. It happens often enough: the geology of this district is a perfect chaos of rocks and gullies torn by earthquakes and landslides.

Indeed, it happened when I was in Calabria last June. Reading a copy of *Corriere della Sera* over a bottle of Calabrian Cirò, a strong red of high reputation praised by no less than Phry, the Roman scientist-historian, I came across a story about the 30-year-old son of a Lombardian industrialist, kidnapped six months previously by the shores of Lake Como in northern Italy and now found wandering around Calabria's Isola Greconica in a state of shock.

Isola Greconica, Greek Islands: not islands at all, actually, but a derelict assembly of boulders perched way up in the mists of the Aspromonte mountains. The inhabitants, originally refugees from Greece and various corners of the Balkans, are reputed to speak a sort of bastard Byzantine-Greek. Few people know the lie of the land up there, for the aerial villages are sprawled unmethodically on top of fantastic rocks, teetering over the edge for dear life like so many eagle's nests. Once set free by his *Ndrangheta* captors, the young Lombardian apparently had a hard time finding his way along the twisting mountain paths, the inhabitants speaking to him in Greek dialect.

A little exhilarated by the liquid ruby-red of the Cirò, and by the bizarre newspaper story, I determined to visit the Isola Greconica. My host, a Byzantine-Greek, is not as good as it should be. He is a Greek, an immigrant, a traveller Norman Douglas visited these villages in 1911, he was delighted to find that he could communicate in "finest Byzantine" with his Greek-Italian guide, but no matter: I would be travelling to the rough, not the smooth, the UKine Thule, of all Italy.

The next morning, at 6.50 precisely, I hopped on board a clapped-out minibus (owned by a company calling itself *Principato*, Principedom) in front of Reggio Calabria's main train station. Reggio, capital of Calabria and departure point for Sicily, is a grim and undistinguished city made of shoddy tenements and low buildings, mostly constructed from reinforced concrete.

But it is the ideal, indeed the only,

The boot's tough toe

Ian Thompson explores the rugged region of Calabria

place from which to visit the Isola Greconica, even though there is just the one 6.50am bus which leaves for the "Islands" every day. Try not to be put off by the unenviable hour: you will need an entire day to hike about the Greco-Byzantine heights of the Aspromonte mountains, so rugged is the terrain. And paths to the villages are often badly cut, narrow rock-steps, so take with you a pair of stout walking shoes. Also take a quantity of food: few shops brighten the hamlets up there; Coca Cola has yet to arrive. My rucksack contained two bottles of Cirò and some sandwiches made with a Calabrian sausage.

The 40km journey from Reggio to our first refuge of living Byzantium - a village named Roccaforte del Greco - takes a good four hours: a steep climb all the way. The inhabitants of Roccaforte are distinctly referred to by Calabrians as *Calabro* below in Reggio as *Turchi*, Turks. Whatever the verdict, the people there stare at you as though you had descended on their village like a visitor from outer space.

Roccaforte is truly in the back of the beyond: the women balance on their heads heavy amphora-type jars. There is a darkness in their eyes of earth and death. Old men sit with their backs to a wall, smoking and playing at cards; barnacled to the stone, they never seem to move. Up in Roccaforte, where the muck-shed Baroque church respects the lines of Greek Orthodoxy, life is at a standstill. A professor at Reggio's University later told me that 90 per cent of the women here are ignorant of their date of birth; 82 per cent have never been to a cinema; 94 per cent have never spoken on a telephone. This is the unchanging face of the Italian South: you will not find such villages in the prosperous North.

I tried to speak to some of the inhabitants of Roccaforte in Italian,



Southern Italy: a different pace and way of life

but was not in the slightest understood. When Edward Lear, one of the very few Englishmen ever to have explored the Isola Greconica - was here in 1847, he seems to have fared rather better on the communication front: the inhabitants of Roccaforte, surprised to see this great bumbling bulk of a man mooching about their village, protested: "Have you no rocks, no towers, no trees in your own country? Are you not rich? Then what can you wish here?" - here, in this place of poverty and *incommoda*? What are you doing here? Reasonable questions, all of them: but one is attracted to the "Islands" by their picturesque dilapidation, outside of time and place. I decided not to consult my Greek dictionary; a book like that would make one feel self-conscious. The village was indeed of a picturesque picture-postcard: utterly irreg-

lar, with streets like staircases, built on masses of cactus-grown rock. It overlooked a dramatic view of wooded hills and sea. Immediately below was a stupendous view of the Amantele River, the largest *fiumare* - an almost vertically-descending torrent - in Calabria.

On a fine day, you can see it snaking into the Ionian Sea. A stony bed during the arid summer months which rises to destructive fury during the winter, the Amantele is often the ruin of the Isola Greconica, bursting with tremendous spates and carrying away cottages, olive and lemon trees. Nature is harsh up here.

I took the path from Roccaforte to Roghudi (this next village was actually sign-posted). Half an hour along the rough corridor road I came to a disconcerted 18th century church, the bizarrely-named Chiesa dei Tri-

pepi, Church of the Three Peppers. It stood, a wreck of crumbling masonry, in the middle of a field. By its battered portals, pigs sniffed at swill in a trough. A farmer, accepting as a small *doucou* a packet of Rothmans Mild, begrudgingly agreed to open the doors. Inside, there was nothing but a spooky old Madonna in a dusty glass case, dressed like a doll in wreaths of pink tulle. I wanted to get out, fast.

For the next two hours, the only evidence of humanity was a pair of solitary police officers. Apparently, they were on the look out for a *ladzone*, an ascender from just outside a hoodlum on the run. Carabines slung over their shoulders, the police nodded a perfunctory "*buongiorno*" and plodded on uphill.

Roghudi was hardly civilisation as we know it. It is built on the crest of a hill with tumbledown terracotta-roofed houses fitting into crevices as best they can, hanging on by their eaves. The dwellings looked as though they had been thrown on top of the hill higgledy-piggledy, at the whim of some medieval stonemason.

Swallows seemed to be particularly fond of these haunts. In 1972 Roghudi was largely depopulated after a mid-slide. When I was there, 10 or so families stubbornly remained, living under the shadow of impending disaster.

The path that climbed upwards towards our next village, Bova, cut through a vast expanse of Aspromonte forest: oak and chestnut, beech and fir trees; highland pastures of Alpine flowers, the turf springy under foot with a green carpet of moss and marigold.

Although villages in the Isola Greconica are pretty well all alike, Bova is truly something else. With its houses "nestling among huge blocks of stone that make one think," wrote Norman Douglas, "of some Cyclopean citadel of past ages," Bova is said to be a genuine colony of Magna Graecia - the last link with the ancient Greek culture, dating from the time of the Hellenist settlement in nearby Locri 673 BC.

One can well believe it. Reputed to be the birthplace of the Greek sculptor Praxiteles, the first thing one notices on entering Bova is a battered sign reading "*Kolos Bova*" Greek for "welcome." There is also a ruined Norman castle, well worth climbing up to for the view from its ramparts of the Ionian Sea. Surprisingly for so small a town, Bova boasts a total of seven churches, most of them Greek Orthodox. In the Chiesa Matrice I found a fragment of a marble *madonna* - mutilated, the custodian said, by Turkish pirates.

In Bova's main square (if one can call it that) there stands on permanent display a most extraordinary object, a black and red 1911 steam engine. Hence the name of the square, Piazza Ferroviaria d'Italia. As you leave Bova, your journey into the heartland of Byzantine Calabria now complete, another sign reads: "*Meta-blepito*," Greek - my dictionary told me - for "Goodbye."

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FOOD & WINE

Australia's user-friendly tipples

Jancis Robinson talks Oz wine to the country's leading expert

JAMES HALLIDAY is a 51-year-old lawyer turned wine author, columnist, wine judge and wine producer who seems to have discovered the secret of eternal activity. He was in London last week in connection with two of the 13 books which in 12 months he will either have published, completed or agreed to write or co-write.

It presumably helps to have a wife as driven and energetic as he is, and it is Suzanne Halliday who is minding the vats full of a particularly successful 1990 vintage back at their Coldstream Hills winery in Victoria's trendy (since Halliday moved there) Yarra Valley while James snoops around France this week.

I tracked him down at a wine tasting in London's NW1 where he was busy lecturing the fore-most wine writers of Britain on the difference between brettanomyces (the new cult wine fault), corkiness and the role played by chlorine in both.

Not that he'd been invited to deliver a lecture - but being 6 ft 3 in tall, long on decibels and practical experience, he just can't help it.

Over lunch - "Look, let me do the wine" - he couldn't help ruminating about the effects of Australia's recession on its burgeoning wine industry, which should mean lots of cheapish wine for us. There's a serious cash flow problem and, in the wake of this year's merger of the two biggest companies Penfolds and Lindemans, apparently lunatic discounting is rife.

Lindemans' Nyrang Hermitage (the Australian wine industry has long made free with the names of the European wines it affects to despise) was Halliday's "wine of the week" in The Australian earlier this year at A\$6.99. Australians can now find it at A\$3.99.

What is true for finished wine is true for the raw ingre-

dients. Two years ago the spot price of a tonne of Chardonnay grapes at the end of the harvest was as high as A\$3,200. This year it was A\$800, and a significant proportion of the 1990 vintage, another bumper crop, was left unpicked. A parcel of precious Yarra Pinot Noir, admittedly from "a crook vineyard," was sold only with the greatest difficulty at A\$400 a case.

Quite apart from the pressures of cash flow and having the market quite so dominated by one company - as in California with Gallo - there is Australia's wine's unfamiliar problem of a falling domestic market exacerbated by falling exports. "It simply had to happen," said Halliday over the foie gras. "The 100 per cent growth of recent years was unsustainable. The US has been pretty much a disaster and probably always will be for all but a few large Australian wine companies."

"We're competing with California which is a very viable, vibrant industry that's much more effective, and much bigger, than the Australian one. It was to learn that they feel strongly about California. No, our obvious export markets have to be the UK, Scandinavia and Japan."

Halliday believes that before too long Japan will be the prime export market for Australian wine but that approval in Britain and France will play a vital, if reflexive, role - London for "the mirror effect" is, Japan will overbid the Brits for the wines the Brits obviously want; France for the "reflected glory" that accrues to any wine industry in which the French are themselves so keen to invest.

"I don't have any hang-ups about the French in Australia at all. He is proud that so many French, mainly Chateaux, companies have taken a stake in his native wine industry - indeed his own eye-like-



James Halliday, lawyer turned wine producer, tastes 285 wines a day

winery looks down on Moët & Chandon's eye-catching Australian sparkling wine production centre. According to Halliday, Christian Moueix of Ponsard first questioned him keenly about investment in the Yarra in 1982, and he is also awaiting with interest some concrete result from a grand tour of Australia made by Vincent Leflaive, king of Puligny-Montrachet, two years ago.

"I want more outside investment not less. I don't think the French can teach us much about making wine in Australia," he said robustly, "even if they could teach us a bit about viticulture. Most of Australia's winemakers are aware of the French techniques but they're not that keen to use them. If you're on a winning streak, why change?"

What he means is that Australia has a very viable, vibrant industry that's much more effective, and much bigger, than the Australian one. It was to learn that they feel strongly about California. No, our obvious export markets have to be the UK, Scandinavia and Japan."

Halliday believes that before too long Japan will be the prime export market for Australian wine but that approval in Britain and France will play a vital, if reflexive, role - London for "the mirror effect" is, Japan will overbid the Brits for the wines the Brits obviously want; France for the "reflected glory" that accrues to any wine industry in which the French are themselves so keen to invest.

"I don't have any hang-ups about the French in Australia at all. He is proud that so many French, mainly Chateaux, companies have taken a stake in his native wine industry - indeed his own eye-like-

"We put the emphasis on fruit flavour," he said happily. "Unlike the Californians, we don't have this obsession with complexity, or making wines to go with food. I think the Americans have so sensitised their palates - all this no-salt stuff - that they've ended up producing decaffeinated everything, including wine. I really think they've made the most terrible mistake..."

The irony of course is that at Coldstream Hills, Halliday is aiming precisely for complexity and development potential but this he brushes aside with a mutter about niche markets. I pressed him for some specific winemaking differences between France and Australia.

"Well, the French don't care about the degree of juice oxidation; they leave the juice much cloudier; their use of sulphur dioxide is decidedly erratic (few customers turned as he enunciated that penultimate syllable); they ferment at much higher temperatures; and, except in the best estates, the French use much less new

SOME HALLIDAY FAVOURITES

Houghton's White Supreme. The best-selling Houghton's White Burgundy down under. Older vintages demonstrate that this blend of unusual varieties from the oft despised Swan Valley in Western Australia is a cracker. Full-bodied, tangy and deeply individual. \$4.55 Waitrose.

Basedows Wood-aged Semillon 1988. Halliday has great respect for winemaker Doug Lehmann (son of crag-faced Peter) and his way with whites in particular. This one, from an excellent vintage, is \$5.95 from Admans of Southwold. Basedows Semillon and Chardonnay 1989 are \$5.95 and \$6.50 respectively from Bibendum of London NW1. Other Basedows stockists include Goodwin & Co of London SW11 and Oxford and Cambridge Fine Wine of Cambridge.

Other more expensive producers to receive Halliday's seal of approval include, in the order he mentioned them, Petaluma, Henschke, Bannockburn, Goudrey, Wignalls, Cape Mentelle, Moss Wood and Pipers Brook.

A caviar beano

Giles MacDonogh indulges himself

CONTRARY to what most of my friends believe, few food writers have the chance to go on a caviar beano more than once in a blue moon.

When an impressive-looking invitation arrives - promising an outing on the Thames followed by a tasting of various caviars, moistened by 1982 Krug champagne and a new, West German, 50 per cent alcohol vodka called Gorbatschow (sic) - even the most Robespierrean writer is prone to put down the latest hysteria report and join the fun.

The invitation was vague about the purpose of this excursion but I was aware that something besides vodka was to be launched at the tables of the new Docklands branch of Manxits that afternoon. As it turned out, I was taken aback to learn that the object of the exercise was Chinese caviar.

In the restaurant, each of the tables was provided with a litre bottle of Gorbatschow in a bowl of crushed ice, while libation quantities of Krug were distributed by the waiters. Shortly after our arrival, four little pots of Beluga caviar, each from a different supplier, were set down among us. Then came a more impressive, 500 gram jar: this was the Mandarin (Chinese) Beluga with its much bigger, bottle green grains. We didn't wait to be asked but tucked in.

We were brought to order by Dr Vulf Sternin of the University of British Columbia - a noted expert on caviar, we were told. We were not told what connection, if any, this elderly German-Balt from Riga had with Benoit, the Royal grocer, which is sole importer of Chinese caviar.

His mission, however, was clear - he had come to prove the superiority of Chinese caviar over Caspian. Chinese caviar, Sternin told us, came from the Amur River, which, for part of its length, formed the border between Chinese Manchuria and the Russian province of Khabarovsk. Here the Kaluga sturgeon, a close cousin of the Beluga, was allowed to live its life in natural purity. The live sturgeon was taken in the cooler months whereas the Caspian Beluga was caught in the summer when bacteria developed quickly and could be checked only by heavy salting or washing the eggs in alcohol.

We liked the Chinese caviar but noted that quality varied considerably. We also liked the best of the slabs grey Belugas which, came from the retail food company Princesses d'Islebourg of Cie of Holland Park, London. When I got home, I rang the company, which was outraged that its caviar had been subjected to such a comparison. The Chi-

nese caviar was "absolutely awful...despicable."

I could not meet my interlocutor at Princesses d'Islebourg. However, I was able to secure an interview with Georges Rebeiz, owner of Caviar House, one of the top half dozen importers of caviar in the world. I was doubly fortunate as Rebeiz invited me to lunch, which consisted of a bottle of Moët & Chandon and three pots of caviar: Osetre, Royal Black and Imperial. All three were Iranian and came from the Osetre sturgeon. For my part, I brought a little pot of Mandarin Beluga to hear Rebeiz's comments.

At first, Rebeiz was reluctant to try the Chinese eggs, although he praised their beauty. The problem with Chinese caviar was that it took too long to get them into the cans, he said, and bacteria developed. The result had to be pasteurisation which, as in the cases of wine or cheese, was never as good as the fresh product. He proceeded to demonstrate his thesis by bounding a Chinese egg off the table. This, he told us, would never happen with a fresh egg.

Once the Chinese had ironed out their problems, he would be happy to import their caviar. For the time being, he was happiest with Caspian Osetre, for the sheer variety of different flavours. The Royal Black, with its egg yolk char-

acter, came from a 25-year-old fish, while the Imperial, the former Shah of Iran's favourite, with its distinctive golden eggs, came from an 85-year-old. Its flavour was lighter and subtler than the Royal Black. Lastly there was the yellowish Osetre, more than \$200 a kilo less than Imperial with a distinctive, nutty taste.

Snobbery detracted from the enjoyment of caviar, Rebeiz thought. In Britain and the US most people demanded Beluga, an immensely rare fish, which "few recognise it when they see it." When urged to name his own favourite, he said it was pressed caviar, a bargain at half the price of the cheapest - Sevruga - grains. Sevruga, incidentally, is about the same price as Chinese caviar.

Stockists Mandarin Beluga come from about \$16 for 30 grams from Cullens or R.W. Larkins of 405 Kings Road, London SW10 (Tel: 071-352 4464). Larkins also stocks Princesses d'Islebourg starting at \$16 for 34 grams. Princesses d'Islebourg delivers free in London (071-960-3600). Caviar House prices start at about \$9 for a 30 gram pot of Sevruga, rising to \$25 for 50 grams of Imperial. Caviar House caviars are available from duty-free shops. Justin de Blank, of Parsons Green, London (071-736 4333) and from Nira Catering (071-731 8198).



George Rebeiz: king of caviar

For green-fingered cooks

Philippa Davenport enjoys a book about the kitchen and garden

NEXT WEEK, while the florally-minded mill through the marquee at Chelsea, vegetable lovers may like to consider staying at home with a good book instead. The book I would suggest is one on which the printing ink is barely dry, *The Cook's Garden* by Lynda Brown (Century £15.95).

Lynda Brown is a Yorkshire woman with mud on her boots, as they say, and she has a lovely fresh palette. I doubt whether any other book on food to be published this year will please me as much as this gently recorded mélange of her kitchen and garden experiences.

Starting from the premise that home-grown produce is sweeter, fresher and more flavoursome than shop-bought (and you can be sure it is wholesome if organically grown) and saddened by the fact that so many gardens do not garden, the book devotes itself to forging the bond between growing and eating.

Lynda Brown recommends growing a variety of produce, especially the kind of things easily grown and not readily found in the shops.

She does not attempt to offer a comprehensive gardening manual but, concentrating on factors which she rates particularly pertinent to success, the pages are spiced with eye-opening advice and encouraging pointers for would-be green fingers.

The notes on recognising when a vegetable is in its prime and on storage strike me as particularly good.

If you want fresh insights into stalwarts such as cabbages and carrots (both summer and winter varieties), this is the book for you. I rate it worth buying for the entry on cabbage alone. But one of the main pleasures lies in the awareness she creates of the special rewards to be found in growing vegetables such as asparagus, seakale, sorrel, Swiss chard, rocket, radish, corn salad and claytonia, which are well nigh impossible



to buy at the greengrocer, or whose deliciousness depends on being eaten within an hour or two of picking.

Lynda Brown's approach to cooking is equally persuasive. Half-a-dozen pages of pithy notes on basic cooking methods are prefaced by the words "If I have a criticism of vegetable cookery and cookery books it is the tendency for over-complication." Therein lies the clue to the charm of her recipes and serving ideas.

Some of her suggested dishes are delicate, some are gutsy. All are notably unfussy, allowing the vegetables to speak for themselves.

There is a lovely freshness about them. They are never cloying or over-rich, and there is relatively little use of meat - but no hint of health-fanatic puritanism.

This is a book for vegetable lovers, not vegetarians, but I would dearly love to see vegetarians buy it in droves. For Lynda Brown's lightness of touch is something that many vegetarian cooks would do well to emulate.

Some of the ideas that appeal most include a basil, tomato and anchovy dip for crudités; soft goats' cheese wrapped in vine leaves and grilled to serve with fresh apricot puree; cabbage leaves stuffed with pesto, pine nuts and rice; a sauce of forced rhubarb puree with grated ginger to serve with duck; small courgettes with flowers intact, cut lengthwise with a cross, steamed and brushed with butter; a Swiss chard and black olive tart; and the following three.

SUMMER CANNELLONI

SERVES 4

8 sheets of lasagne (preferably home-made) or bought cannelloni tubes; 4 oz courgettes, cut into 1 inch strips; 4 oz finely chopped crisp lettuce; 4 oz ricotta; 2 teaspoons olive oil; a generous grating of nutmeg; shavings of butter; a few tablespoons of chicken stock or water; freshly grated Parmesan cheese.

Cook the pasta in simmering water until just soft. Drain carefully and lay out on the working surface. Toss the courgettes in the olive oil over high heat in a non-stick pan for 1-2 minutes until barely soft and just wilted. Mix with the lettuce, ricotta cheese and nutmeg to make a stiff paste. Spread over the lasagne sheets and roll up, or stuff into the cannelloni tubes, moisten with broth or water and cook in a hot oven, 200°C-400°F/gas mark 6, for 20 minutes, just enough for the lettuce to wilt and everything to heat through. Serve as a first course with Parmesan cheese scattered over.

ROSEMARY & HONEY

ORANGES

SERVES 4

4 large oranges; 2 x 6 inch sprigs of rosemary; 1-2 oz honey; ¼ pt water. Bring the rosemary, honey and water slowly to the boil and simmer gently for 5-10 minutes until the syrup thickens slightly. Cool. Meanwhile, peel away

the skin and pith from the oranges, remove any pips and slice thinly. Remove the rosemary, pour the syrup over the slices and serve well chilled with a few fresh rosemary leaves as decoration.

SPINACH & PASTA

SERVES 2

4 oz each cooked chickpeas and cooked spinach; 8 oz whole-wheat pasta shapes or home-made pasta; 1 garlic clove, chopped; olive oil; Parmesan or pecorino cheese.

Fry the garlic in one tablespoon of olive oil for 2-3 minutes. Do not let it burn. Add the chickpeas, turning them over in the garlic, followed by the spinach. Cook a couple of minutes longer to heat through and amalgamate the flavours. Season lightly with salt. Meanwhile, cook the pasta and have hot soup or pasta dishes at the ready. Toss everything together and serve, passing nutmeg to grate over separately; forget the rules, and hand round cheese also.

This mixture can also be used as a salad. Serve at room temperature dressed with olive oil and a squeeze of lemon juice, seasoning with salt.

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To prevent a disaster occurring upon purchasing a bottle of Hine cognac, for example, a number of precautions should be taken.

First, lull yourself into the false understanding that the bottle you hold in your hands is of little or no value.

Disregard the meticulous standards that you know have been employed in producing its golden contents.

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Only then, after taking these precautions, will a purchaser's insouciance overcome his nerves.

And only then will a calm descend that will permit you to carry your precious cargo safely home.



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